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Human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Subregional Centre for Human Rights and Democracy in Central Africa

Report of the Secretary-General**

Summary

The General Assembly in its resolution 56/230 of 24 December 2001 requested the Secretary General to submit to it at its fifty-seventh session a report on the measures taken by the Secretariat, especially through the Office of the United Nations High Commissioner for Human Rights, to enable the Subregional Centre for Human Rights and Democracy in Central Africa, based in Yaoundé, to function efficiently and smoothly.

The first objective of this report is to give an account of action taken by the Office of the United Nations High Commissioner and other relevant bodies of the Secretariat with a view to building the capacities of the Centre. The second objective is to give an overview of the activities carried out by the Centre from September 2001 to June 2002, in particular with the provision of such support by Secretariat bodies.

* A/57/150.
** The present report was submitted beyond the deadline so as to include updated information.

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Contents

		Paragraphs	*Page*
I.	Introduction	1	3
II.	Support for building the capacities of the Centre	2–7	3
	A. Provision of headquarters personnel to the Centre	3–4	3
	B. Continuing training of the Centre's local staff	5	3
	C. Provision of documentation to the Centre	6	4
	D. Development of the Centre's electronic means of communication	7	4
III.	Activities carried out by the Centre from September 2001 to June 2002	8–26	4
	A. Training activities	9–14	4
	1. Subregional workshops	9–11	4
	2. Continuing training scholarship programme	12–14	5
	B. Technical cooperation activities	15–18	6
	C. Public information	19–20	7
	D. Development of partnerships	21–23	7
	E. Miscellaneous activities	24–26	8
	1. Commemoration of the first anniversary of the inception of the Centre's operations	24	8
	2. Official inauguration of the Centre	25–26	8

I. Introduction

1. The General Assembly, particularly in resolution 54/55 of 1 December 1999, requested the Secretary General and the High Commissioner for Human Rights to provide assistance for the establishment of the Centre. For that purpose, the Assembly allocated an amount of $1,000,000 for the biennium 2000-2001. Thanks to this initial allocation, the Office of the High Commissioner for Human Rights, in cooperation with the Department of Political Affairs and with the support of the United Nations Development Programme (UNDP), took concrete measures that enabled the Centre to begin operations in March 2001. This report covers the activities carried out by the Centre until June 2002.

II. Support for building the capacities of the Centre

2. Support was provided by the Office of the High Commissioner for Human Rights and other Secretariat bodies in various forms. It consisted in providing personnel, contributing to the continuing training of local staff, raising extrabudgetary funds, providing documentation, assisting the development of electronic means of communication and conducting advocacy activities to promote the Centre.

A. Provision of headquarters personnel to the Centre

3. In order to make legal and practical arrangements for the establishment of the Centre, the Office of the High Commissioner for Human Rights seconded a Director to the Centre and is currently seconding a programme officer on democracy and a human rights specialist.

4. The Headquarters Agreement between the Government of Cameroon and the Office of the High Commissioner for Human Rights in respect of the Centre was signed on 12 September 2001. The drafts of other legal texts have already been drawn up as well and will be signed in the next few months. They include in particular the draft memorandum of agreement between the Office of the High Commissioner and the Economic Community of Central African States (ECCAS), whose members also participate in the Advisory Committee that led to the establishment of the Centre.

B. Continuing training of the Centre's local staff

5. The documentation and information unit is the Centre's basic tool for publicizing and promoting human rights and democratic principles and ideals. In order to develop the capacities of the staff assigned to the unit to enable them to meet the expectations of the general public, the Office of the High Commissioner made the necessary arrangements to send the documentalist in charge of the unit for training. She thus attended an advanced training course from 25 February to 8 March 2002. The course allowed her to enhance her skills in processing documents on human rights and democracy in general and United Nations publications in these particular areas. She also had technical meetings with the Human Rights Information and Documentation Systems, International (HURIDOCS), a non-

governmental organization specializing in the management and processing of human rights information.

C. Provision of documentation to the Centre

6. The publication and documents distribution services of the Office of the High Commissioner have, on a regular basis, supplied documents, booklets and publications on human rights, democracy and other related areas of activity of the United Nations (peace and security, humanitarian affairs and sustainable human development) to the Centre's documentation and information unit. From its opening in November 2001 to June 2002, the unit thus received 3,175 volumes in the various forms mentioned above. This enabled it in particular to distribute human rights fact sheets to interested persons and to participants in the Centre's training meetings and workshops. The Centre also acquired, by purchase or subscription, publications and periodicals for its documentation and information unit, through the competent services of the United Nations Office at Geneva and the Office of the High Commissioner for Human Rights.

D. Development of the Centre's electronic means of communication

7. With the assistance of the analysis and information unit of the Office of the High Commissioner for Human Rights and with the technical support of the UNDP Office in Cameroon (V-SAT system) and the Subregional Development Centre for Central Africa of the United Nations Economic Commission for Africa, the Centre completed the installation of its web site, which became operational on the day of its official inauguration, 13 June 2002. In particular, the site enables the Centre to ensure a broader dissemination of information on its activities and programmes and of its *Human Rights and Democracy Bulletin*, which is now published on the site. It also reduces the publication cost of the *Bulletin* by bringing the print run down from 2,000 to 1,000 copies.

III. Activities carried out by the Centre from September 2001 to June 2002

8. The activities carried out by the Centre in the period covered by this report concerned training, technical cooperation, public information, development of partnerships for human rights promotion, and various activities related to the commemoration of the first anniversary of the actual launching of the Centre and its official inauguration.

A. Training activities

1. Subregional workshops

9. The Centre's training activities include the organization of workshops, conferences or consultations of a subregional character on the Centre's priority themes: human rights; efforts to combat discriminatory measures and practices; human rights aspects of the administration of justice; human rights education;

economic, social and cultural rights; the right to development; the rights of women, children, the elderly, the disabled, and "marginalized" population groups; and, with regard to democracy, the electoral process, political parties, traditional conflict resolution procedures and good governance. These subregional workshops, conferences and consultations afford (governmental and non-governmental) participants an opportunity to familiarize themselves with established principles and practices in each field, exchange experiences by reporting on various national undertakings, with emphasis on best or good practices, and adopt recommendations on activities to be undertaken at the subregional, national and local levels.

10. In this context, the Centre organized a subregional workshop on the development of national action plans on human rights in Central Africa at Yaoundé on 18 and 19 December 2001. Government delegates and representatives of national institutions and non-governmental organizations from Burundi, Cameroon, the Central African Republic, Chad, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe, as well as officials of the United Nations Peace-building Support Office in the Central African Republic (BONUCA), the United Nations Observer Mission in the Democratic Republic of the Congo (MONUC) and the offices of the High Commissioner for Human Rights in Burundi and the Democratic Republic of the Congo, participated in the workshop. They adopted guidelines on the drafting and implementation of action plans on human rights in Central Africa.

11. On 13 and 14 June 2002, in connection with its official inauguration, the Centre organized a subregional conference reporting under international instruments. The conference was intended for ministers of justice and human rights and presidents of the supreme courts of the countries of Central Africa. The participants represented the following countries: Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Gabon, Republic of the Congo and Sao Tome and Principe. BONUCA, the UNDP office in the Republic of the Congo, and the offices of the High Commissioner for Human Rights in Burundi and in the Democratic Republic of the Congo were also represented. The conference was introduced by an expert from the Committee on Economic, Social and Cultural Rights and by a Cameroonian official who had participated in several of his country's delegations when it had reported, in particular to the Committee on the Elimination of Discrimination against Women. The Centre's two consultants thus described their experience of this issue from the standpoint of a Committee examining States' reports and from the standpoint of a reporting State. National reports submitted by the participants shed light on the progress achieved by certain States in this area but also, especially, on the difficulties encountered and the need to strengthen national capacities. The declaration adopted on this occasion contained a number of recommendations, in particular to the Office of the High Commissioner for Human Rights and to the Centre, regarding the provision of technical assistance (training, advisory services and documentation) to requesting States.

2. Continuing training scholarship programme

12. The Centre began implementing its human rights continuing training scholarship programme in November 2001. This programme, open to deserving advanced students and young practitioners from the countries of Central Africa specializing in the areas of human rights and democracy, aims:

(a) To enhance trainees' practical knowledge of human rights and democracy issues and to initiate them into the techniques and methods of managing cases related thereto, in the light of the principles and practices of the bodies of the United Nations Secretariat;

(b) To build the capacities of the States of the subregion to manage issues relating to human rights and democracy.

13. As part of this last mission, the Centre plans to develop a data collection programme on the subregion's existing capacities in these areas. Under the plan, persons trained by the Centre will be listed, along with other competent persons, in a register that will be kept at the Centre and disseminated for possible use among government services, United Nations agencies and other intergovernmental and non-governmental organizations.

14. This year, the Centre will receive eight trainees. In selecting the candidates, the Centre gives due consideration to the requirements of equitable geographical representation of the countries of the subregion and of each gender. Regulations were adopted and an application form was drawn up for the training courses. To ensure wider dissemination, these two documents were published in the Centre's *Human Rights and Democracy Bulletin* and posted on its web site.

B. Technical cooperation activities

15. In the framework of its technical cooperation programme to build national capacities in the areas of human rights and democracy, the Centre provides support to governments, national institutions and non-governmental organizations at their request.

16. Accordingly, in response to a request from the Government of Cameroon, the Centre continued to provide technical assistance to build the capacities of Cameroon's National Committee for Human Rights and Freedoms.

17. The Centre also received requests for technical assistance from the Government of Equatorial Guinea in March 2002 and from the Government of Chad in May 2002.

18. The Centre's support for civil society is expected to begin in the second half of 2002. The Centre has formulated a capacity-building project for civil society organizations in Central Africa. This three-year project, currently with the competent bodies of the Office of the High Commissioner for Human Rights for examination and approval, should enable the Centre to carry out the following activities in particular:

(a) Organization of four subregional seminars for civil society stakeholders;

(b) Award of 10 scholarships for excellence to eminent members of civil society;

(c) Support for the institutional development of federations or groupings of civil society organizations in areas of particular interest to the Centre;

(d) Reception and training of thirty trainees from Central Africa countries at the Centre;

(e) Provision of support for human rights education and research institutions.

C. Public information

19. In order to carry out its programme to publicize human rights and democratic rules and values, the Centre has two permanent tools. The first is its documentation and information unit, which provides services to the public and has developed an electronic dissemination programme. The second is the *Human Rights and Democracy Bulletin*, the Centre's newsletter on its activities and facts of special interest to the subregion in the areas of human rights and democracy. Published every four months as from January 2002, after having been published on a quarterly basis in 2001, the *Bulletin* is distributed free of charge and is now available on the Centre's web site.

20. In addition, the Centre decided to publish on an annual basis the proceedings of its workshops, conferences and consultations with a view to their broad distribution. The first collection of proceedings is currently being prepared for publication. It will contain the proceedings of workshops, conferences and consultations organized by the Centre from March 2001 to June 2002.

D. Development of partnerships

21. In accordance with the recommendations on the integration of human rights into all United Nations activities and thanks to the coordination mechanisms operating locally in the countries within its remit and to the various agreements signed by the Office of the High Commissioner with other agencies of the United Nations system, the Centre is developing partnerships with relevant organizations operating in the subregion. In this context, mention must be made of the International Labour Organization (ILO) Subregional Office in Central Africa, headquartered in Yaoundé (projects relating to trafficking in children, to migrants and to pygmies), the Regional Office of the United Nations Development Fund for Women (UNIFEM), headquartered in Kigali (project relating to acts of violence against women), UNESCO (development of national action plans), the Economic Commission for Africa Central African Subregional Development Centre (building civil society capacities), the various UNDP offices (human rights dimension of the Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF) process and efforts to integrate human rights and good governance into the implementation of the New Partnership for Africa's Development).

22. There are plans for closer partnership with the Economic Community of Central African States (ECCAS) and its subsidiary bodies, in particular the Council for Peace and Security in Central Africa, the Multinational Force for Central Africa and the Early-Warning Mechanism for Central Africa. The imminent signature of a memorandum of agreement between the Office of the High Commissioner for Human Rights and the ECCAS secretariat should enable the Centre to develop activities for the integration of human rights into the programmes of these mechanisms in keeping with the spirit of the Yaoundé Declaration, which recommended its creation.

23. Lastly, the Centre has already established preliminary contacts with training and research institutions in the areas of human rights and democracy in Central Africa. In such contacts, the Centre gives priority to institutions of a subregional character, those with programmes of proven subregional impact and networked institutions or programmes. Since September 2001, the Centre has established contacts with the directors of the International Relations Institute of Cameroon, the Catholic University of Central Africa (through the Association for the Promotion of Human Rights), the UNESCO Chair for a Culture of Peace, Conflicts Resolution, Human Rights, Democracy and Good Governance at the University of Kinshasa and the network of human rights and democracy education and training programmes of Central Africa. There are plans for the Centre to support, with the two last institutions mentioned above, the establishment of focal points, particularly in Yaoundé, Kinshasa and Bukavu in the Democratic Republic of the Congo. The Centre's support for education programmes in Central Africa will comprise the provision of documentation, funding for training missions by human rights experts and the award of scholarships to young researchers and assistants seconded to these programmes to enable them to participate in training organized by internationally renowned institutions. Lastly, staff from the Centre will take part, as resource persons, in training organized under the programmes.

E. Miscellaneous activities

1. Commemoration of the first anniversary of the inception of the Centre's operations

24. On 22 March 2002, the Centre organized a conference to commemorate the first anniversary of the inception of its operations. The conference consisted of a round table on the theme "For a new culture of human rights and democracy in Central Africa". Many participants, representing in particular diplomatic missions, United Nations agencies and civil society organizations, participated in a half day's discussion on the following aspects of human rights: justice administration and human rights; human rights education and training of trainers; human rights of members of high-risk groups, especially refugees and displaced persons; and building the capacities of civil society organizations, support of national human rights institutions by the Centre and integration of human rights into ECCAS activities and programmes. The participants formulated concrete recommendations, to be implemented by the Centre, on each of the issues discussed at the conference.

2. Official inauguration of the Centre

25. The Centre was inaugurated officially by the High Commissioner for Human Rights on 13 June 2002 in the presence of ministerial delegations from 10 Central African member States of ECCAS and the Secretary General of that organization. The ceremony was also attended by many ambassadors accredited to Yaoundé, heads of United Nations agencies and representatives of civil society organizations and of the population. On that occasion, speeches were made, in the following order, by the Director of the Centre, the ECCAS Secretary General, the representative of the UNDP Administrator, the personal representative of the President of the French Republic, the High Commissioner for Human Rights and the Minister of State responsible for External Relations of Cameroon. All speakers stressed the close, interactive and dynamic linkages that existed between, on the one hand, human

rights and democracy and, on the other hand, peace and development. Accordingly, they emphasized the special role that the Centre had to play to promote sustainable peace and development in Central Africa.

26. The High Commissioner for Human Rights used the opportunity to hold discussions with a number of ministers and presidents of supreme courts who attended the inauguration ceremony and the subregional conference organized by the Centre on that occasion. She also visited the headquarters of Cameroon's National Committee for Human Rights and Freedoms and, after the visit, held talks with the members of the Committee and representatives of civil society organizations. In addition, she suggested, and they concurred, that two high-level advisory bodies should be created for the Centre and, on her return to Geneva, she instructed the administrative services of her Office to expedite the deployment of the professional staff who were to be assigned to the Centre.

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Programme of activities of the International Decade of the World's Indigenous People

Implementation of the programme of activities of the International Decade of the World's Indigenous People

Report of the Secretary-General**

Summary

Of particular note during this reporting period is the establishment of the Permanent Forum on Indigenous Issues (13 to 24 May 2002) and the submission of the first report of the newly appointed Special Rapporteur of the Commission on Human Rights on the situation of human rights and fundamental freedoms of indigenous people. The Office of the United Nations High Commissioner for Human Rights continued to promote inter-agency cooperation through collaboration with the United Nations Conference on Trade and Development and the International Labour Organization within the framework of the International Decade of the World's Indigenous People through such initiatives as the workshop on indigenous peoples, private sector natural resource, energy and mining companies and human rights, which was held at Geneva from 5 to 7 December 2001. Ongoing programmes of the Office include the establishment of an indigenous media network; the third workshop on Multiculturalism in Africa (Gaborone, Botswana, 18 to 22 February 2002); indigenous-led human rights training (Sabah, Malaysia, 24 February to 1 March 2002); indigenous aspects of technical cooperation programmes in Bolivia, Ecuador, Guatemala and Mexico; and the Indigenous Fellowship Programme.

* A/57/150.

** In accordance with General Assembly resolution 53/208 B, paragraph 8, this document has been submitted late so as to include the most up-to-date information possible.

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1. In its resolution 56/140 of 19 December 2001, the General Assembly requested the United Nations High Commissioner for Human Rights to submit to the Assembly at its fifty-seventh session, through the Secretary-General, a report on the implementation of the programme of activities of the International Decade of the World's Indigenous People. The present report contains a summary of the activities relating to indigenous peoples undertaken by the Office of the High Commissioner between the presentation of the report of the Secretary-General to the Assembly at its fifty-sixth session (A/56/206) and July 2002.

Working Group of the Commission on Human Rights on a draft declaration on the rights of indigenous peoples

2. The seventh session of the open-ended intersessional Working Group of the Commission on Human Rights on a draft declaration on the rights of indigenous peoples was held at Geneva from 28 January to 8 February 2002. An informal debate on participation and procedures, collective rights, and land and natural resources took place, as well as informal discussions of articles 13, 6, 9, 7 and 10. The report of the Working Group is contained in document E/CN.4/2002/98, and a compilation of amendments proposed by some States for future discussion appears in annex I to the report. The eighth session of the Working Group will take place at Geneva from 2 to 13 December 2002.

Commission on Human Rights

3. The Commission on Human Rights held its fifty-eighth session from 18 March to 26 April 2002. The Commission considered the report of the Working Group on a draft declaration on the rights of indigenous peoples (E/CN.4/2002/98), the report on the activities undertaken within the framework of the International Decade of the World's Indigenous People (E/CN.4/2002/96) and the report of the Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous people, Rodolfo Stavenhagen (E/CN.4/2002/97 and Add.1). The Commission on Human Rights adopted a resolution on the Working Group on the draft declaration (resolution 2002/64); a resolution on the Working Group on Indigenous Populations of the Subcommission on the Protection and Promotion of Human Rights and the International Decade of the World's Indigenous People (resolution 2002/63); and a resolution on human rights and indigenous issues (resolution 2002/65), all of 25 April 2002.

Permanent Forum on Indigenous Issues

4. The first session of the Permanent Forum on Indigenous Issues was held at United Nations Headquarters from 13 to 24 May 2002. Approximately 900 persons attended the Permanent Forum, the majority representing indigenous organizations. The agenda included general statements; a review of activities of the United Nations system: an interactive discussion; and future work of the Forum. The report of the Permanent Forum on Indigenous Issues on its first session is contained in document E/2002/43 (Part II)-E/CN.19/2002/3 (Part II).

Voices: an exhibition celebrating indigenous cultures

5. In view of the historic inaugural session of the Permanent Forum at United Nations Headquarters, the Office of the High Commissioner, in cooperation with the Department of Public Information, supported the exhibition "Voices", which included examples of indigenous art and culture and presentations of weaving, painting and music. The exhibition, held in the lobby of the United Nations building, was opened by the United Nations High Commissioner on Human Rights and attended by the Secretary-General. The exhibition was shown at the World Civil Society Forum in July and at the Palais des Nations at Geneva as part of the celebration of the twentieth anniversary of the Working Group on Indigenous Populations.

Indigenous Media Network

6. In order to help indigenous media to cover the first session of the Permanent Forum on Indigenous Issues, the Office of the High Commissioner for Human Rights provided assistance to four indigenous journalists so that they could report on the event to indigenous peoples and to their own communities. The Office, in cooperation with a non-governmental organization, the Advocacy Project, supported the establishment by the participating journalists of an indigenous media network and independent web page (http://www.indigenousmedia.org). The project is part of the efforts undertaken by the Office through workshops and travel assistance to indigenous media representatives to strengthen indigenous media in the framework of the International Decade.

Workshop on indigenous peoples, private sector natural resource, energy and mining companies, and human rights

7. The workshop on indigenous peoples, private sector natural resource, energy and mining companies and human rights was held at Geneva from 5 to 7 December 2001. The Office of the High Commissioner for Human Rights organized the workshop in collaboration with the United Nations Conference on Trade and Development and the International Labour Organization within the framework of the International Decade of the World's Indigenous People. The workshop provided an opportunity for reviewing issues relating to indigenous peoples, private sector natural resource, energy and mining companies and human rights, including existing international legal frameworks, as well as for examining in greater detail experiences in relation to consultation practices with indigenous communities prior, during and following the development of private sector projects; benefit sharing by indigenous communities in private sector activities; and dispute resolution. The report of the workshop is contained in document E/CN.4/Sub.2/AC.4/2002/3.

Workshop on Multiculturalism in Africa: Peaceful and constructive group accommodation in situations involving minorities and indigenous peoples

8. The third Workshop on Multiculturalism in Africa was held at Gaborone, Botswana, from 18 to 22 February 2002. It was organized by the Office of the United Nations High Commissioner for Human Rights; the chairpersons of the Working Group on Minorities and the Working Group on Indigenous Populations; the Working Group of Indigenous Minorities in Southern Africa (WIMSA-Botswana); and DITSHWANELO, the Botswana Centre for Human Rights, with the support of the United Nations Development Programme (UNDP) of Botswana. The workshop was organized around three distinct activities: (a) a two-day training session for participants representing indigenous peoples and minorities on United Nations human rights mechanisms and the African system for the protection of human and peoples' rights; (b) a two-day seminar on multiculturalism in Africa, focusing on the participation of indigenous peoples and minorities in development, traditional methods of conflict prevention and resolution, and considering the concepts of "minorities" and "indigenous peoples" in the African context; and (c) a one-day round table led by the UNDP resident representative with the participation of the country offices of United Nations organizations and specialized agencies. The report of the workshop is contained in document E/CN.4/Sub.2/AC.4/2002/4.

Indigenous-led human rights training

9. As part of a pilot programme to support indigenous-initiated and indigenous-led human rights training, the Office provided a small grant to Partners for Community Organizations (PACOS) to organize a human rights training activity in Sabah, Malaysia. The training workshop, organized by PACOS in cooperation with the Asian Indigenous Peoples Pact and the Indigenous Peoples' Network of Malaysia (JOAS), was held in Poring Hot Spring, Sabah, Malaysia from 24 February to 1 March 2002. There were about 40 community leaders and others from Sarawak, peninsular Malaysia and Sabah participating in the workshop, which was conducted in Malay. The Office provided a resource person to support the activity. An evaluation report on the workshop submitted by the organizer, Partners for Community Organizations, is available for consultation at the Office of the High Commissioner. In the light of the success of the pilot project, the Office will look at ways of further developing its cooperation with indigenous organizations to promote community-based human rights training.

Indigenous Fellowship Programme

10. The Indigenous Fellowship Programme, now in its sixth year, is implemented by the Office of the High Commissioner for Human Rights and supported through the regular budget of the United Nations. The 2002 programme started on 15 April and will end on 15 September 2002. The programme includes intensive and comprehensive training in human rights with United Nations experts and resource persons drawn from the staff of the Office. It also provides an opportunity for the fellows to gain practical experience at United Nations meetings, including the treaty bodies, and learn about the technical cooperation activities of the Office. In addition

to human rights-related activities, the Office also organizes study visits to several Geneva-based United Nations agencies, including the International Labour Organization, the World Health Organization and the World Intellectual Property Organization as well as to several non-governmental organizations. In 2002, the fellows spent two weeks at the United Nations Educational, Scientific and Cultural Organization in Paris and also participated in the first session of the Permanent Forum on Indigenous Issues held in New York from 13 to 24 May 2002. While in New York, the fellows were briefed by staff of the United Nations Development Programme and the World Bank. The Indigenous Fellowship Programme gives indigenous individuals the opportunity to gain experience in human rights and the United Nations system and to serve as resource persons in their communities when they return.

11. The indigenous persons participating in the 2002 programme are Nicole Hetu (Canada), Franklin Almoza (Philippines), Jimai Montiel (Venezuela), Adam Kuleit (Tanzania) and Aivana Enmynkauo (Russian Federation).

12. The Indigenous Fellowship Programme includes a complementary training component for indigenous people from Latin America who do not speak English, organized in cooperation with the Pedro Arrupe Institute for Human Rights at the University of Deusto in Bilbao, Spain. The four-month training component for Spanish-speaking indigenous persons is now in its third year. The programme provides human rights training at the Institute and practical experience with the Office at Geneva. The five indigenous persons participating in the Deusto programme in 2002 are Maria Cristina Huenchuleo (Chile), Monica Patricia Chuji (Ecuador), Daniel Domingo López (Guatemala), Odilón Candía (Peru) and Andrea Coñuecar (Chile).

Working Group on Indigenous Populations

13. The principal theme of the twentieth session of the Working Group on Indigenous Populations, held from 22 to 26 July 2002, was "Indigenous peoples and their right to development, including participation in development affecting them". A special theme for the session was "The Working Group and indigenous peoples: achievements in the United Nations system and a vision for the future". The agenda also included the following items: a review of developments pertaining to the promotion and protection of human rights and fundamental freedoms of indigenous people, including land issues, education and health; standard-setting activities; and the International Decade of the World's Indigenous People, including information relating to the United Nations Trust Fund for the International Decade of the World's Indigenous People and the report of the Advisory Group. The report of the Working Group on its twentieth session is contained in document E/CN.4/Sub.2/2002/24.

Technical Cooperation Programme

14. The Office of the High Commissioner continues to integrate indigenous issues into the technical cooperation programmes that it administers. At present, technical cooperation projects in Bolivia, Ecuador, Guatemala and Mexico include specific activities that benefit indigenous people. These activities consist of training

representatives of indigenous peoples' organizations and strengthening the capacity of State institutions responsible for the protection of human rights with a specific mandate for indigenous peoples. The project for Guatemala began in September 2001 for a period of nine months and was expected to be extended to cover the remaining months of 2002. The project has four components, one of which focuses on strengthening national capacities for the promotion and protection of indigenous peoples' rights.

Inter-agency consultation

15. The Office continues to prioritize inter-agency consultation on indigenous peoples in order to promote the objectives of the International Decade. It has shared with the International Labour Organization responsibility for organizing regular annual meetings of organizations in the United Nations system for more than 10 years as a way of providing an opportunity for an informal exchange of information among the staff working on indigenous or related issues. It has proved to be helpful in strengthening cooperation at the working level within the United Nations system. In the light of the decision by the Economic and Social Council to establish the Permanent Forum on Indigenous Issues, the High Commissioner called a special meeting of the United Nations system on 23 to 25 January 2002. The purpose of the meeting was to consider how United Nations organizations could prepare for the first session of the Permanent Forum and provide ongoing support. The January meeting was attended by representatives from the Department of Public Information, the International Labour Organization, the World Intellectual Property Organization, the World Health Organization, the United Nations Institute for Training and Research, the United Nations Centre for Human Settlements (Habitat), the United Nations Development Programme, the United Nations Children's Fund, the United Nations Educational, Scientific and Cultural Organization, the United Nations Population Fund, the United Nations Environment Programme, the Office of the United Nations High Commissioner for Refugees, the Office of the United Nations High Commissioner for Human Rights, the secretariat of the Convention on Biological Diversity, the United Nations Conference on Trade and Development, the Food and Agriculture Organization of the United Nations, the World Trade Organization and the World Bank. At the meeting it was decided to cooperate with the substantive preparations for and servicing of the Permanent Forum and to establish the Inter-agency Support Group for the Permanent Forum on Indigenous Issues. In practice the newly created group was able to coordinate contributions of documentation for the Forum and organize side events. The International Labour Organization and the World Bank assisted the Office by servicing the first session of the Permanent Forum through secondment of staff and other support. The next meeting of the Inter-agency Support Group was scheduled for 19 July 2002.

United Nations Voluntary Fund for Indigenous Populations

16. The United Nations Voluntary Fund for Indigenous Populations was established by the General Assembly in resolution 40/131 of 13 December 1985 to assist representatives of indigenous communities and organizations to participate in the deliberations of the Working Group on Indigenous Populations of the Subcommission on the Promotion and Protection of Human Rights by providing

them with financial assistance. Funds are obtained by means of voluntary contributions from Governments, non-governmental organizations and other private or public entities. The Voluntary Fund is administered in accordance with the Financial Regulations and Rules of the United Nations and other relevant provisions, with the advice of a Board of Trustees appointed by the Secretary-General in consultation with the current Chairman of the Subcommission on the Promotion and Protection of Human Rights. In resolutions 50/156 of 21 December 1995 and 53/130 of 9 December 1998, the General Assembly extended the mandate of the Voluntary Fund to assist representatives of indigenous communities and organizations to participate in the deliberations of the open-ended intersessional Working Group of the Commission on Human Rights on a draft declaration on the rights of indigenous people. The General Assembly further extended the mandate of the Voluntary Fund by its resolution 56/140 of 19 December 2001 by deciding that the Voluntary Fund should also be used to assist indigenous representatives to attend, as observers, the sessions of the Permanent Forum on Indigenous Issues. The biennial report of the Secretary-General on the status of the Voluntary Fund and the activities undertaken with its resources (A/57/296) has been submitted to the General Assembly.

United Nations Trust Fund for the International Decade of the World's Indigenous People

17. In accordance with General Assembly resolutions 48/163, 49/214 and 50/157, the purpose of the Trust Fund for the International Decade of the World's Indigenous People is to finance projects and programmes during the Decade. The Fund receives contributions from Governments, non-governmental organizations and other private or public entities. In conformity with paragraph 23 of the annex to resolution 50/157, an Advisory Group was established to assist the Coordinator of the Fund. The current Advisory Group is composed of the members of the Board of Trustees of the United Nations Voluntary Fund for Indigenous Populations (see A/55/202, para. 4), who are all indigenous experts, the Chairperson-Rapporteur of the Working Group on Indigenous Populations and another United Nations expert who is specialized in project and programme management and appointed by the High Commissioner for Human Rights in her capacity as Coordinator of the Decade. The most recent reports by the secretariat on the Fund are contained in documents E/CN.4/2002/96 (chap. VII) and E/CN.4/Sub.2/AC.4/2002/7. Information on the Fund is also available from the Office's web site, http://www.unhchr.ch, under "Fundraising". Additional information can be obtained from the secretariat of the Fund at the Trust Funds Unit, Support Services Branch, Office of the United Nations High Commissioner for Human Rights.

18. At its seventh session, from 8 to 12 April 2002, the Advisory Group examined 102 applications from indigenous communities and organizations for project grants. The Advisory Group recommended grants amounting to a total of $390,152 to 43 indigenous projects, which were approved by the High Commissioner for Human Rights on behalf of the Secretary-General (for the list of projects, see E/CN.4/Sub.2/AC.4/2002/7, annex III). Funding was also made available for the following activities: the organization of a workshop for indigenous peoples and Governments to be held in conjunction with the World Summit on Sustainable Development in Johannesburg, South Africa, from 26 August to 6 September 2002,

which had been recommended at the sixth session of the Advisory Group and approved by the High Commissioner in April 2001; and a media project to ensure indigenous media participation at the first session of the Permanent Forum on Indigenous Issues.

Table 1
Geographical distribution of grants awarded at the seventh session of the Advisory Group

Geographical area	*Number of project grants awarded*	*Amount in United States dollars*
Africa	15	134 500
America	15	120 455
Asia	10	100 197
Europe	3	35 000
Total	**43**	**390 152**

19. **The following voluntary contributions were received by the Fund from 1 July 2001[1] to 30 June 2002:**[2]

Table 2
Contributions received between 1 July 2001 and 30 June 2002

Donors	*Amount (United States dollars)*	*Payment registered on*	*Payment received at*	*Number of contribution*
Chile[3]	10 000	07.06.01	Geneva	2nd
Denmark	93 653	01.04.02	Geneva	6th
Estonia	8 330	18.03.02	Geneva	4th
Greece	3 000	16.08.01	Geneva	7th
	6 000	31.10.01	Geneva	
Japan	25 000	31.12.01	Geneva	7th
New Zealand	10 618	29.05.01	Geneva	7th
Norway	56 642	12.03.02	Geneva	6th
Tunisia	1 600	31.12.00	New York	1st

20. **The following pledges remained outstanding as at 30 June 2002:**

Table 3
Outstanding pledges as at 30 June 2001

Donor	*Amount (United States dollars)*	*Date pledged*	*Pledged at*
Cyprus	2 000	06.02.02	Geneva
Germany	23 474	05.06.02	Geneva
Movement for Defence of Democracy (Ghana)	200	06.10.00	Geneva

21. **The following chart shows the development in number of grants approved from 1998 to 2002.**

Table 4
Development in number of grants approved from 1998 to 2002

Year (Advisory Group session)	*Admissible applications received*	*Applications (Amounts in United States dollars)*	*Grants approved*	*Amount (United States dollars)*
1998 (3rd)	44	-	13	139 016
1999 (4th)	94	4 161 178	24	232 000
2000 (5th)	58	2 796 688	20	174 955
2001 (6th)	82	3 699 880	30	252 606
2002 (7th)	102	2 814 752	43	390 152

22. The cost plan for 2003 envisages a need for $845,000 for project grants to indigenous organizations and communities, as well as a workshop/seminar on indigenous issues in 2003. The Commission on Human Rights, in its resolution 2002/63 of 25 April 2002 (para. 15) and the General Assembly, in its resolution 56/140 (para. 7 [d]), appealed to all Governments, organizations and individuals in a position to do so, to contribute to the Fund. Interested donors are invited to pay their contributions before the next session of the Advisory Group (April 2003) in order to enable the Fund, the Advisory Group and the Coordinator of the Decade to fulfil their mandate. Voluntary contributions can be made by bank transfer to the "United Nations Geneva General Fund" in United States dollars to account 240-C-590-160.1 or in other currencies to account 240-C-590-160.0, c/o UBS AG, P.O. Box 2770, CH-1211 Geneva 2, Switzerland, Swift address UBSWCHZH12A. Contributions can also be paid by cheque to the order of the "United Nations" and sent to The Treasurer, United Nations Office at Geneva, Palais des Nations, CH-1211 Geneva 10, Switzerland. Donors should mention, in any case, "For the Fund for Indigenous People Decade, account IV".

Notes

[1] Date of drafting of the previous report.

[2] Date of drafting of the present report.

[3] Although the contributions from Chile, New Zealand and Tunisia that appear in the chart were paid on time, prior to 30 June 2001, they did not appear in the corresponding chart for the period 1 July 2000 to 30 June 2001 (A/56/206, para. 21). Official receipts for those countries were received at the Office of the High Commissioner after 30 June 2001.

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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed revisions to the Financial Regulations of the United Nations

Report of the Secretary-General**

Summary

The present report presents the proposed revisions of the Secretary-General to the Financial Regulations of the United Nations. These proposals are submitted to the General Assembly for its consideration alongside the existing Financial Regulations and an explanation of the proposed changes. The new Financial Rules are presented for information purposes, together with an explanation of the changes made to the existing Financial Rules by the Secretary-General.

* A/57/150.

** The revision of the Financial Regulations and Rules of the United Nations required extensive consultations.

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I. Introduction

1. The Financial Regulations of the United Nations were established by the General Assembly in its resolution 456 (V) of 16 November 1950. The Assembly subsequently approved amendments to the Regulations, including in its resolutions 950 (X) of 3 November 1955, 973 B (X) of 15 December 1955, 2885 (XXVI) of 21 December 1971, 33/116, sect. IV, of 19 December 1978 and 37/234, sect. II, of 21 December 1982, and decisions 32/451 of 21 December 1977 and 38/408 of 25 November 1983. Through its Financial Regulations, the Assembly issues the broad legislative directives governing the financial management of the United Nations. Within the framework of the Regulations, as provided for in current regulation 10.1, the Secretary-General formulates and promulgates the Financial Rules, which not only supply practical details that serve to further define the parameters within which staff must exercise their responsibilities, but also constitute a statement as to the manner in which the Financial Regulations are to be implemented.

2. **The revised Financial Regulations, hereby submitted to the General Assembly for its consideration, are presented in section II below alongside the existing Regulations and an explanation of the proposed revisions.** The proposed revisions include 16 additional regulations: 11 relating to the financial management of peacekeeping operations, based on Assembly resolutions 47/217 of 23 December 1992, 49/233 A of 23 December 1994 and 55/220 C of 14 June 2001; 3 relating to tax equalization, based on Assembly resolution 973 A (X) of 15 December 1955, as amended by resolution 1099 (XI) of 27 February 1957; 1 relating to internal audit, based on resolution 48/218 B of 29 July 1994, and 1 relating to procurement, based on the revised regulations and rules prepared by the inter-agency Task Force on Common Services working group on procurement, as requested by the Assembly in its resolutions 52/226 A of 31 March 1998, 54/14 of 29 October 1999 and 55/247 of 12 April 2001. Thus, all United Nations financial management policies and procedures approved by the General Assembly will be consolidated within a single document.

3. The existing Financial Regulations include two (5.10 and 9.4) that are no longer relevant and that the General Assembly may therefore wish to abolish. These regulations were approved by the Assembly in its decision 32/451, and sought to enable the United Nations Habitat and Human Settlements Foundation to raise capital and provide loans in the manner of a multilateral development bank. Should the Assembly decide not to abolish these regulations, and since they are exclusive to the Foundation, they shall be presented in the special annex for the United Nations Habitat and Human Settlements Foundation to the Financial Regulations and Rules of the United Nations (ST/SGB/UNHHSF Financial Rules/3 (1978)).

4. The proposed Financial Regulations were reviewed by the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors and take into account their concerns. Amendments made by the General Assembly in its decision 50/472 of 23 December 1995 and its resolutions 52/212 B of 31 March 1998, 53/207 of 18 December 1998 and 55/248 of 12 April 2001 are also reflected in section II below. The proposed Financial Regulations are reorganized under subject-relevant articles and ordered in accordance with the sequence of financial management actions they define. This presentation is designed to improve the coherence and accessibility of the Financial Regulations and Rules.

5. The revision and reorganization of the Financial Regulations is accompanied by a comprehensive revision of the Financial Rules. In order to facilitate the General Assembly's consideration of the proposed Regulations, the new Financial Rules are presented in an appendix alongside the existing Rules and an explanation of the changes made by the Secretary-General. Following the adoption of the Financial Regulations by the General Assembly, the Secretary-General will promulgate the Financial Rules.

6. Draft Financial Rules were also presented to the Advisory Committee and the Board of Auditors, and their comments have been taken into account. The Board of Auditors expressed the opinion that the objectives of the revision exercise had largely been met. Those objectives were as follows:

(a) To create, including through the actions described in paragraph 2 above, a single-source document for all the financial management policies of the Organization;

(b) To streamline the Financial Rules to the point where they describe only those essential procedures required to clearly and tangibly ensure compliance with approved Financial Regulations. Many of the provisions removed in this process describe financial management practices rather than essential regulation-relevant procedures and shall, where necessary, be reflected in more appropriate administrative instructions. Clear, concise and logically consistent Financial Regulations and Rules are the foundations upon which sound financial management practices are built. The revision of the Financial Regulations and Rules is, therefore, the starting point for a more comprehensive reform of the Organization's financial management practices. Simpler Financial Rules will facilitate compliance and enable the development of simpler and more straightforward administrative processes;

(c) To comprehensively reorganize the Financial Regulations and Rules under subject-relevant articles and order them in accordance with the sequence of financial management actions they define. The sequence and structure of the existing Financial Regulations and Rules is the result of a series of partial and often haphazard revisions to a document that was first introduced in January 1960. The present revision is designed to improve the coherence and accessibility of the Financial Regulations and Rules which should in turn facilitate compliance;

(d) To lay the foundations for a systematic revision of the delegation of financial management authority by establishing a clear and logically consistent delegation of authority. To this end, the assignment of primary authority has been revised in accordance with the following understanding: (i) that the Rules are the means by which the Secretary-General delegates authority, responsibility and accountability for the Financial Regulations and Rules to the Under-Secretary-General for Management; and (ii) that administrative responsibility in accordance with individual Financial Regulations and Rules will be delegated by the Under-Secretary-General for Management in secondary instruments of delegation (ideally in administrative instructions);

(e) To bring the Regulations and Rules in line with the regulatory, institutional and procedural changes that have taken place since the complete text was last published in 1985 (ST/SGB/Financial Rules/1/Rev.3 (1985).

II. Proposed revisions to the Financial Regulations

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Article I. General provisions		
Regulation 1.1: These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	**Regulation 1.1**: These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	No change.
Regulation 1.2: The financial period shall consist of two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations with special accounts, whose financial periods shall be one year from 1 July to 30 June.	**Regulation 2.1**: The financial period shall consist of two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations with special accounts, whose financial periods shall be one year from 1 July to 30 June.	Unchanged as amended by General Assembly decision 50/472.
Regulation 1.3: These Regulations shall become effective on _____. They may be amended only by the General Assembly.	**Regulation 14.1**: These Regulations shall become effective on 1 January 1974 and shall apply to the financial period 1974-1975 and to subsequent financial periods. They may be amended only by the General Assembly.	Amended to allow for the inclusion of the actual date the General Assembly approves this revision of the Financial Regulations and to also cover peacekeeping operations by removing reference to a biennial financial period.
Article II. Budgets		
A. The programme budget		
Regulation 2.1: The proposed programme budget for each financial period shall be prepared by the Secretary-General.	**Regulation 3.1**: The proposed programme budget for each financial period shall be prepared by the Secretary-General.	No change.
Regulation 2.2: The proposed programme budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars.	**Regulation 3.2**: The proposed programme budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars.	No change.
Regulation 2.3: The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, outputs, objectives and accomplishments expected during the biennium. The proposed programme budget shall be preceded by a statement explaining the main changes made in the content of the programme and the volume of resources allocated to it in relation to the previous biennium. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the General Assembly and such further annexes or statements as the Secretary-General may deem necessary and useful.	**Regulation 3.3**: The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, programme elements, output and users. The proposed programme budget shall be accompanied by such information annexes and explanatory statements as may be requested by or on behalf of the General Assembly, including a brief statement on the main changes in the programme content in comparison with the previous biennium, and such further annexes or statements as the Secretary-General may deem necessary and useful.	Revised to correspond with regulation 5.4 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, as approved by the General Assembly in its resolution 53/207 (ST/SGB/2000/8).
Regulation 2.4: The Secretary-General shall, in the second year of a financial period, submit his proposed programme budget for the following financial period to the General Assembly at its regular session. This proposed programme budget shall be transmitted to	**Regulation 3.4**: The Secretary-General shall, in the second year of a financial period, submit his proposed programme budget for the following financial period to the regular session of the General Assembly. This proposed programme budget shall be	Editorial changes.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
all Member States at least five weeks prior to the opening of that session.	transmitted to all Member States at least five weeks prior to the opening of that regular session of the General Assembly.	
Regulation 2.5: The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a financial period, submit his other proposed programme budget for the following financial period to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") for examination.	**Regulation 3.5**: The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a financial period, submit his proposed programme budget for the following financial period to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") for examination.	Editorial change.
Regulation 2.6: The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Coordination.	**Regulation 3.6**: The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Coordination.	No change.
Regulation 2.7: The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period after consideration of the proposed programme budget and the report of the Advisory Committee on Administrative and Budgetary Questions thereon by the Administrative and Budgetary Committee of the Assembly.	**Regulation 3.7**: The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period, after consideration of, and report on, the proposed programme budget by the Administrative and Budgetary Committee of the Assembly.	Editorial changes.
Regulation 2.8: Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.	**Regulation 3.8**: Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.	No change.
Regulation 2.9: The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.	**Regulation 3.9**: The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.	No change.
Regulation 2.10: No council, commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal.	**Regulation 13.1**: No Council, Commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal.	Editorial changes.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 2.11: Where, in the opinion of the Secretary-General, a proposed expenditure cannot be made from the existing appropriation, it shall not be incurred until the General Assembly has made the necessary appropriation, unless the Secretary-General certifies that the expenditure can be made under the provisions of the Assembly resolution relating to unforeseen and extraordinary expenses.	**Regulation 13.2**: Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the General Assembly has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the General Assembly relating to unforeseen and extraordinary expenses.	Editorial changes.
B. Peacekeeping operation budgets		
Regulation 2.12: Budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs shall be prepared by the Secretary-General for consideration and approval by the General Assembly.		New regulation drafted for peacekeeping operation budgets in line with General Assembly resolution 55/220 C and following the format of regulations applying to the programme budget (see new regulations 2.1 and 2.4). The prescribed timetable for programme budget submissions in new regulation 2.4 is not practicable for peacekeeping operation budgets, where more flexibility is required.
Regulation 2.13: The Secretary-General shall submit twice a year to the General Assembly for informational purposes a table summarizing the budgetary requirements of each peacekeeping operation for the financial period from 1 July to 30 June, including a breakdown of expenditure by major line item and the aggregate total resource requirement.		New regulation based on General Assembly resolution 49/233 A (sect. I, para. 8) (clarified in accordance with a recommendation of the Board of Auditors).
C. The International Court of Justice		
Regulation 2.14: The programme budget proposals of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he or she may deem desirable.	**Regulation 15.1**: The programme budget proposals of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he may deem desirable.	Editorial change.
Article III. Contributions and other income		
A. The programme budget		
Regulation 3.1: The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	**Regulation 5.1**: The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 5.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	No change.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 3.2: For each of the two years of a financial period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that financial period, except that adjustments shall be made to the assessments in respect of: (a) Supplementary appropriations for which contributions have not previously been assessed on Member States; (b) Half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account, and any adjustments in estimated miscellaneous income previously taken into account; (c) Contributions resulting from the assessment of new Member States under the provisions of regulation 3.7; (d) Any balance of the appropriations surrendered under regulations 5.3 and 5.4; (e) Half of the Members' credits in the Tax Equalization Fund for the financial period estimated to be not required to meet charges for tax refunds during the calendar year, and any adjustments in the estimated credits previously taken into account.	**Regulation 5.2**: For each of the two years of a financial period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that financial period, except that adjustments shall be made to the assessments in respect of: (a) Supplementary appropriations for which contributions have not previously been assessed on Member States; (b) Half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account, and any adjustments in estimated miscellaneous income previously taken into account; (c) Contributions resulting from the assessment of new Member States under the provisions of regulation 5.8; (d) Any balance of the appropriations surrendered under regulations 4.3 and 4.4; (e) Half of the Members' credits in the Tax Equalization Fund for the financial period estimated to be not required to meet charges for tax refunds during the calendar year, and any adjustments in the estimated credits previously taken into account.	Presented unchanged; revision awaiting the outcome of the General Assembly's deliberations on the report of the Secretary-General submitted in response to General Assembly resolution 56/243 A of 24 December 2001 (A/57/76).
Regulation 3.3: After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall: (a) Transmit the relevant documents to Member States; (b) Inform them of their commitments in respect of annual contributions and advances to the Working Capital Fund; (c) Request them to remit their contributions and advances.	**Regulation 5.3**: After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall: (a) Transmit the relevant documents to Member States; (b) Inform Member States of their commitments in respect of annual contributions and advances to the Working Capital Fund; (c) Request them to remit their contributions and advances.	Editorial change.
Regulation 3.4: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 3.3, or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.	**Regulation 5.4**: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.	Editorial changes; revision awaiting the outcome of the General Assembly's deliberations on the reports of the Secretary-General submitted in response to General Assembly resolution 56/243 A (A/57/65 and A/57/76).

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 3.5: Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member was assessed.	**Regulation 5.6**: Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member was assessed.	No change.
Regulation 3.6: The Secretary-General shall submit to the General Assembly at each regular session a report on the collection of contributions and advances to the Working Capital Fund.	**Regulation 5.7**: The Secretary-General shall submit to each regular session of the General Assembly a report on the collection of contributions and advances to the Working Capital Fund.	Editorial change.
Regulation 3.7: New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.	**Regulation 5.8**: New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.	No change.
Regulation 3.8: States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income.	**Regulation 5.9**: States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income.	No change.
	Regulation 5.10: Under rules established by the Secretary-General, borrowings may be incurred for the reimbursable seeding operations of the United Nations Habitat and Human Settlements Foundation from Governments and governmental agencies and intergovernmental organizations provided that: (a) The net borrowings outstanding at any time under this regulation shall not exceed limits established by the Secretary-General, with due regard to the maintenance of adequate reserves to secure such borrowings and to the proper functioning of the Foundation; (b) The principal of any borrowings under this regulation and any interest or other charges thereon shall only be payable from the resources of the Foundation, and no lender shall have any claim against the United Nations or any of its other assets. Resources of the Foundation may be committed as security for the repayment of borrowings and the charges thereon. The Executive Director shall identify the resources which will be available for this purpose.	Together with existing regulation 9.4, this regulation sought to enable the United Nations Habitat and Human Settlements Foundation to raise capital and provide loans in the manner of a multilateral development bank. This regulation, and the operating modality described therein, has never been applied. The General Assembly may wish to abolish this regulation. Should the Assembly decide not to abolish this regulation and, since it is specific to the Foundation, it shall be presented with the other provisions governing UN-Habitat in the special annex for the United Nations Habitat and Human Settlements Foundation to the Financial Regulations and Rules of the United Nations (ST/SGB/UNHHSF Financial Rules/3 (1978)).

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 3.9: Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars.	**Regulation 5.5**: Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars.	No change.
B. Peacekeeping operation budgets		
Regulation 3.10: Except as otherwise specified by the General Assembly, the appropriations for peacekeeping operations shall be financed by contributions from Member States according to the scale of assessments approved by the Assembly, as modified by any related system of adjustments approved by the Assembly. The payment of assessed contributions for peacekeeping operations shall also be governed by regulation 3.4.		New regulation, drafted for assessed contributions for peacekeeping operations following, to the extent that it is practicable, the format of regulations applying to assessed contributions for the programme budget (see new regulations 3.1 and 3.2). Reference to the applicability of new regulation 3.4 is in accordance with existing practice and has been added at the request of the Board of Auditors.
C. Voluntary contributions, gifts and donations		
Regulation 3.11: Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.	**Regulation 7.2**: Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.	No change.
Regulation 3.12: Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 4.13 and 4.14.	**Regulation 7.3**: Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 6.6 and 6.7.	No change.
D. Miscellaneous income		
Regulation 3.13: All other income except:	**Regulation 7.1**: All other income except:	No change.
(a) Contributions to the programme budget;	(a) Contributions to the programme budget;	
(b) Direct refunds of expenditures made during the financial period;	(b) Direct refunds of expenditures made during the financial period;	
(c) Advances or deposits to funds; and	(c) Advances or deposits to funds; and	
(d) Revenue derived from the Staff Assessment Plan	(d) Revenue derived from the Staff Assessment Plan	
shall be classed as miscellaneous income, for credit to the General Fund.	shall be classed as miscellaneous income, for credit to the General Fund.	

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 3.14: Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the financial period.	**Regulation 7.4**: Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the financial period.	No change.
Article IV. Custody of funds A. Internal accounts		
Regulation 4.1: There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 3.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.	**Regulation 6.1**: There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 5.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.	No change.
Regulation 4.2: There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and those advances, made in accordance with the scale of assessments as determined by the Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States which have made such advances.	**Regulation 6.2**: There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and these advances, made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States which have made such advances.	Editorial changes.
Regulation 4.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.	**Regulation 6.3**: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.	No change.
Regulation 4.4: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.	**Regulation 6.4**: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.	No change.
Regulation 4.5: There shall be established a peacekeeping reserve fund as a cash flow mechanism to ensure the rapid response of the Organization during the start-up phase of new peacekeeping operations and the expansion of existing peacekeeping operations and to meet unforeseen and extraordinary expenditure requirements related to peacekeeping. The level of the fund and the means by which it shall be financed by Member States shall be determined by the General Assembly.		New regulation drafted (and clarified in accordance with a recommendation of the Board of Auditors) following the format of new regulations 4.1 and 4.2 for the General Fund and the Working Capital Fund and based upon General Assembly resolution 47/217, as amended by Assembly resolution 49/233 A (sect. XI). The deliberate absence of specificity in the last sentence of this new regulation enables it to encompass the different methodologies applied to the initial and ongoing financing of the Fund as well as current and future levels of the Fund.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 4.6: If a decision of the Security Council relating to the start-up or expansion phase of peacekeeping operations results in the need for expenditure, the Secretary-General is authorized, with the prior concurrence of the Advisory Committee and subject to regulation 4.8, to enter into commitments not to exceed 50 million United States dollars per decision of the Security Council. The cumulative total of outstanding commitment authority, in respect of the start-up or expansion phase of peacekeeping operations, is not to exceed the total level of the Peacekeeping Reserve Fund at any one time; however, the appropriation by the General Assembly of any outstanding commitments shall automatically restore this commitment authority to the extent of the amount appropriated.		New regulation based upon General Assembly resolution 49/233 A (sect. IV).
Regulation 4.7: Advances made from the Peacekeeping Reserve Fund shall be reimbursed as soon as receipts from contributions are available for those purposes.		New regulation based upon General Assembly resolution 47/217.
Regulation 4.8: If a decision of the Security Council results in the need for the Secretary-General to enter into commitments for the start-up or expansion phase of peacekeeping operations in an amount exceeding 50 million dollars per decision of the Security Council or exceeding the total level of the Peacekeeping Reserve Fund, the matter shall be brought to the General Assembly as soon as possible for a decision on commitment authority and assessment.		New regulation based upon General Assembly resolution 49/233 A (sect. IV).
Regulation 4.9: The Secretary-General and the Advisory Committee shall report to the General Assembly on any exercise of the commitment authority given under regulation 4.6, together with the circumstances relating thereto, in the context of the next report submitted to the Assembly on the financing of the relevant peacekeeping operation.		New regulation based upon General Assembly resolution 49/233 A (sect. IV).
Regulation 4.10: There shall be established a tax equalization fund to which the staff assessment deductions from those staff salaries financed from assessed contributions shall be credited. Within the Tax Equalization Fund, revenue shall be recorded as credits to Member States and divided among them in accordance with the proportions approved by the General Assembly for the relevant rates of the assessments. All credits shall pertain to a specific year and shall be calculated in accordance with the rates of the assessments approved for that same year; prior-period adjustments shall also observe this principle.		New regulations 4.10 to 4.12 replace financial rules 105.2 to 105.5. In the existing Financial Regulations and Rules, provisions governing the Tax Equalization Fund were erroneously presented as rules, i.e., as being promulgated, and if necessary waived, by the Secretary-General (as per rule 101.1). The Tax Equalization Fund and the modalities of its operation were actually established by the General Assembly in its resolution 973 A (X) and revised by resolution 1099 (XI). The provisions of Assembly resolution 973 A (X), as amended by resolution 1099 (XI), are hereby presented in three "new" financial regulations. The following aspects of these resolutions have been updated in these regulations:
Regulation 4.11: Tax Equalization Fund revenue shall be used to refund staff members for income taxes levied by Member States in respect of their United Nations remuneration. Obligations shall be established against the Tax Equalization Fund to cover the		

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
estimated liabilities in respect of the refunds made to staff members of those income taxes. If a Member State's credit in the Tax Equalization Fund is insufficient for this purpose, the shortfall shall be added to and recovered from assessed contributions due from that Member State in the subsequent financial period. Where income tax is levied on staff financed from sources of funds that do not contribute to the Tax Equalization Fund, the additional costs for tax reimbursement shall be borne by those sources of funds. **Regulation 4.12**: In accordance with regulation 3.2, any balance on a Member State's tax equalization account after the obligations referred to in regulation 4.11 have been satisfied shall be credited against the assessed contributions due from that Member State the following year.		(a) Within the Tax Equalization Fund revenue is recorded as credits to Member States in accordance with the proportions approved by the General Assembly for the relevant rates of assessments — "rates" and "assessments" in plural; (b) The initial, and somewhat ad hoc, modality of charging tax reimbursement shortfalls to a one-off credit from the Working Capital Fund has been made more systematic: "the shortfall shall be added to and recovered from assessed contributions due from that Member State in the subsequent financial period". The erroneous, and never applied, procedure established in the last sentence of existing rule 105.3 is abolished; (c) Direction is provided, in accordance with current practice, as regards the reimbursement of taxes levied on staff financed from voluntary contributions.
Regulation 4.13: Trust funds and reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.	**Regulation 6.6**: Trust funds, reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.	Editorial change.
Regulation 4.14: The purpose and limits of each trust fund and reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.	**Regulation 6.7**: The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.	Editorial change.
B. Banking		
Regulation 4.15: The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.	**Regulation 8.1**: The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.	No change.
C. Investments		
Regulation 4.16: The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of any such investments.	**Regulation 9.1**: The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of such investments which he has made.	Editorial change.
Regulation 4.17: The Secretary-General may, after consultation with the Investments Committee, make long-term investments of moneys standing to the credit of trust funds and reserve and special	**Regulation 9.2**: The Secretary-General may, after consultation with the Investments Committee, make long-term investments of moneys standing to the credit of trust funds, reserve and special	Editorial change.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.	accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.	
Regulation 4.18: Income derived from investments shall be credited as provided in the rules relating to each fund or account.	**Regulation 9.3**: Income derived from investments shall be credited as provided in the rules relating to each fund or account.	No change.
Regulation 4.19: Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.	**Regulation 6.5**: Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.	No change.
	Regulation 9.4: Under rules established by the Secretary-General, loans may be made from the resources of the United Nations Habitat and Human Settlements Foundation, including those borrowed pursuant to regulation 5.10, in implementation of the approved programmes of the Foundation.	Together with existing regulation 5.10, this regulation sought to enable the United Nations Habitat and Human Settlements Foundation to raise capital and provide loans in the manner of a multilateral development bank. This regulation, and the operating modality described therein, has never been applied. The General Assembly may wish to abolish this regulation. Should the Assembly decide not to abolish this regulation, since it is specific to the Foundation, it shall be presented with the other provisions governing UN-Habitat in the special annex for the United Nations Habitat and Human Settlements Foundation to the Financial Regulations and Rules of the United Nations (ST/SGB/UNHHSF Financial Rules/3 (1978)).
Article V. Utilization of funds A. Appropriations		
Regulation 5.1: The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.	**Regulation 4.1**: The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.	No change.
Regulation 5.2: Appropriations shall be available for obligation during the financial period to which they relate.	**Regulation 4.2**: Appropriations shall be available for obligation during the financial period to which they relate.	No change.
Regulation 5.3: Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.	**Regulation 4.3**: Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.	No change.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 5.4: At the end of the twelve-month period provided in regulation 5.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.	**Regulation 4.4**: At the end of the twelve-month period provided in regulation 4.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.	No change.
Regulation 5.5: Appropriations required in respect of obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the twelve-month period provided for in regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 5.3. At the end of the additional four-year period, any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained will be surrendered.		New regulation standardizing the ad hoc but common practice whereby the General Assembly approves special arrangements in respect of the applicability of new regulations 5.3 and 5.4 to obligations owed to Governments providing troops, formed police units, etc., to peacekeeping operations. This regulation is based upon the standard wording of relevant Assembly resolutions; see, for example, the annex to resolutions 55/227 B and 55/228 B of 14 June 2001 as regards peacekeeping operations in Kosovo and East Timor respectively. The provision vis-à-vis the non-receipt of claims is expanded to include claims received but being processed; this refers to incomplete or otherwise complicated claims that cannot be immediately verified, settled or transferred to accounts payable.
Regulation 5.6: No transfer between appropriation sections may be made without authorization by the General Assembly.	**Regulation 4.5**: No transfer between appropriation sections may be made without authorization by the General Assembly.	No change.
Regulation 5.7: The Secretary-General may enter into commitments for future financial periods, provided that such commitments:	**Regulation 3.10**: The Secretary-General may enter into commitments for future financial periods, provided that such commitments:	No change.
(a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or	(a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or	
(b) Are authorized by specific decisions of the Assembly.	(b) Are authorized by specific decisions of the Assembly.	
Regulation 5.8: The Secretary-General shall:	**Regulation 10.1**: The Secretary-General shall:	Clarified and strengthened in accordance with a recommendation of the Board of Auditors.
(a) Establish detailed financial rules and procedures in order to ensure effective and efficient financial management and the exercise of economy;	(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;	

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;	(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;	
(c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;	(c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;	
(d) Maintain internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:	(d) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:	
(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;	(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;	
(ii) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly or with the purposes and rules relating to trust funds and special accounts;	(ii) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly, or with the purposes and rules relating to trust funds and special accounts;	
(iii) The effective, efficient and economic use of the resources of the Organization.	(iii) The economic use of the resources of the Organization.	
B. Commitments, obligations and expenditures		
Regulation 5.9: Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.	**Regulation 10.2**: Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.	No change.
Regulation 5.10: Member States that contribute troops to peacekeeping operations shall be reimbursed at rates approved by the General Assembly. Member States shall also be reimbursed for contingent-owned equipment at rates approved by the Assembly.		New regulation based upon General Assembly resolution 49/233 A.
Regulation 5.11: The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Board of Auditors with the accounts.	**Regulation 10.3**: The Secretary-General may make such ex gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the General Assembly with the accounts.	Amended in accordance with a recommendation of the Board of Auditors and brought into line with new regulation 6.4.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
C. procurement **Regulation 5.12**: Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) Best value for money; (b) Fairness, integrity and transparency; (c) Effective international competition; (d) The interest of the United Nations.		In 1997 (A/51/950 and A/52/534 and Corr.1), 1998 (A/C.5/52/46), 1999 (A/54/157) and 2000 (A/55/127), the Secretary-General pledged to revise the Regulations and Rules governing procurement to simplify and harmonize them (A/51/950) and to make them "clearer, relevant, user-friendly and practical" (A/C.5/52/46), because rigidities in the existing procurement rules were creating "serious difficulties in the procurement process" (A/52/534). In 1998 (A/53/692) and 2000 (A/55/458), the Advisory Committee stated that the Secretariat should submit revised procurement regulations and rules for its review, and in its resolutions 52/226 A and 54/14, the Assembly requested the Secretary-General to submit proposals on possible amendments to those regulations and rules. Prepared by the inter-agency Task Force on Common Services (see A/55/461, A/52/534 and Corr.1 and A/C.5/52/46), the new harmonized and simplified regulations and rules governing procurement place greater emphasis on the overall guiding principles for procurement while providing greater authority for the Chief Procurement Officer (the Under-Secretary-General for Management in the case of the Secretariat) to develop specific procurement procedures. The importance assigned to these guiding principles is reflected by their inclusion in new regulation 5.12. The new regulations and rules governing procurement also incorporate the concept of value for money and facilitate the use of common procurement arrangements, enabling the Secretariat, for example, to draw upon other Organizations' procurement and service contracts and initiatives (A/55/461). Further details as to the reasons for and objectives of the reform of United Nations procurement regulations and rules can be found in the above-referenced documentation. The procurement regulations and rules prepared by the Task Force on Common Services have been presented to, and where appropriate approved by, the Executive Boards of the United Nations Development Programme, the United Nations

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
		Population Fund and the United Nations Office for Project Services after review by the Advisory Committee (see DP/2000/7 and DP/FPA/2000/5). These regulations and rules, comprising new regulation 5.12 and new rules 105.13 to 105.18, have been integrated, with the requisite minor adjustments, into the revised Financial Regulations and Rules of the United Nations (for equivalent UNDP provisions, see regulation 21.02 and rules 121.01 to 121.06 in document DP/2000/4). New regulation 5.12 and new rules 105.13 to 105.18 replace existing rules 110.16 to 110.22 and 110.24.
Regulation 5.13: Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from this regulation is desirable.	**Regulation 10.5**: Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.	Clarified.
D. Property management		
Regulation 5.14: Following the liquidation of a peacekeeping operation, equipment and other property shall be disposed of in accordance with the Financial Regulations and Rules and in the manner indicated below: (a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions; (b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for this equipment; (c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations; (d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable		Since the modalities governing the disposition of assets of peacekeeping operations are the subject of a General Assembly resolution, they are presented in a financial regulation rather than a financial rule. The General Assembly, in section VII of its resolution 49/233 A approved the proposals of the Secretary-General for the disposition of assets of peacekeeping operations (A/48/945 and Corr.1) as modified by the corresponding recommendations of the Advisory Committee (A/49/664 and Add.1). An additional disposition modality is presented in part (b). This "new" provision is compatible with the spirit of resolution 49/233 A and subsequent disposition decisions, including decision 55/484 (UNPREDEP) and resolution 55/269 (MIPONUH). Part (d) has been strengthened and clarified in accordance with a recommendation of the Board of Auditors. Part (e) incorporates the Advisory Committee's recommendation that the transfer of installed assets to the "duly recognized Government" requires prior approval by the General Assembly (A/55/870 and A/55/874). In its decision 55/484 of 14 June 2001, the Assembly took note of the Advisory Committee's report A/55/870 and approved the donation of UNPREDEP assets in accordance

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
to other United Nations equipment or property; (e) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly. A report on the final disposition of assets for each liquidated peacekeeping operation shall be submitted to the General Assembly.		with this modality, thereby confirming its agreement with the procedure.
E. Internal audit		
Regulation 5.15: The Office of Internal Oversight Services shall conduct independent internal audits in accordance with regulation 5.8 (d) and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements: (a) Compliance of financial transactions with General Assembly resolutions, approved programmes and other legislative mandates, with regulations and rules and related administrative instructions and with the approved recommendations of external oversight bodies; (b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilization and of programme delivery, including by examining the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.		In the existing Financial Regulations and Rules, internal audit was presented as a rule. On 29 July 1994, the General Assembly adopted resolution 48/218 B endorsing the relevant provisions of the Financial Regulations and Rules governing internal audit. Since internal audit is now the subject of an Assembly resolution, the previous rule, amended in the light of the resolution, is now presented as a financial regulation rather than as a financial rule.
Article VI. Accounting		
Regulation 6.1: The Secretary-General shall submit accounts for the financial period. In addition, the Secretary-General shall maintain and safeguard against damage, destruction, unauthorized access and removal of such accounting records as are necessary for	**Regulation 11.1**: The Secretary-General shall submit accounts for the financial period. In addition, he shall maintain, for management purposes, such accounting records as are necessary, including interim accounts for the first calendar year of the	Strengthened in accordance with a recommendation of the Board of Auditors.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
management purposes, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show: (a) The income and expenditures of all funds; (b) The status of appropriations, including: (i) The original budget appropriations; (ii) The appropriations as modified by any transfers; (iii) Credits, if any, other than the appropriations voted by the General Assembly; (iv) The amounts charged against those appropriations and/or other credits; (c) The assets and liabilities of the Organization. The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of the Organization.	financial period. Both the interim accounts and the accounts for the financial period shall show: (a) The income and expenditures of all funds; (b) The status of appropriations, including: (i) The original budget appropriations; (ii) The appropriations as modified by any transfers; (iii) Credits, if any, other than the appropriations voted by the General Assembly; (iv) The amounts charged against those appropriations and/or other credits; (c) The assets and liabilities of the Organization. He shall also give such other information as may be appropriate to indicate the current financial position of the Organization.	
Regulation 6.2: Appropriate separate accounts shall be maintained for all trust funds and reserve and special accounts.	**Regulation 11.3**: Appropriate separate accounts shall be maintained for all trust funds, reserve and special accounts.	Editorial change.
Regulation 6.3: The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.	**Regulation 11.2**: The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.	No change.
Regulation 6.4: The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts.	**Regulation 10.4**: The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the accounts.	Clarified in accordance with a recommendation of the Board of Auditors.
Regulation 6.5: The accounts for the financial period, except those for peacekeeping operations with special accounts, shall be submitted by the Secretary-General to the Board of Auditors no later than 31 March following the end of the financial period. The annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year.	**Regulation 11.4**: The accounts for the financial period, except those for peacekeeping operations with special accounts, shall be submitted by the Secretary-General to the Board of Auditors no later than 31 March following the end of the financial period. The annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year.	Unchanged as amended by General Assembly decision 50/472.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Article VII. Board of Auditors		
Regulation 7.1: The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.	**Regulation 12.1**: The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.	No change.
Regulation 7.2: The members of the Board of Auditors shall be elected for a non-consecutive term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the General Assembly shall elect every two years a member to take office from 1 July of the following year.	**Regulation 12.2**: The members of the Board of Auditors shall be elected for a non-consecutive term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.	The first sentence of existing regulation 12.2 reflects the amendment agreed by the General Assembly in its resolution 55/248. The requisite changes to the rest of this regulation have also been made.
Regulation 7.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.	**Regulation 12.3**: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded as a member of the Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.	Editorial changes.
Regulation 7.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.	**Regulation 12.4**: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.	No change.
Regulation 7.5: The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.	**Regulation 12.5**: The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.	No change.
Regulation 7.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.	**Regulation 12.6**: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.	No change.
Regulation 7.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.	**Regulation 12.7**: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.	No change.
Regulation 7.8: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.	**Regulation 12.12**: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.	No change.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Regulation 7.9: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.	**Regulation 12.8**: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.	No change.
Regulation 7.10: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the Board, is technically qualified.	**Regulation 12.9**: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the Board, is technically qualified.	No change.
Regulation 7.11: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 7.5 and in the additional terms of reference.	**Regulation 12.10**: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.	No change.
Regulation 7.12: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.	**Regulation 12.11**: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.	No change.

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
Annex **Additional terms of reference governing the audit of the United Nations**		
1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:	1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:	No change; this annex remains as amended by the General Assembly in its resolution 52/212 B.
(a) That the financial statements are in accord with the books and records of the Organization;	(a) That the financial statements are in accord with the books and records of the Organization;	
(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;	(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;	
(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;	(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;	
(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;	(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;	
(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.	(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.	
2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.	2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.	
3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion,	3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information	

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
was required for the purpose of the audit.	classified as privileged which, in its opinion, was required for the purpose of the audit.	
4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General, for appropriate action, any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Secretary-General.	4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Secretary-General.	
5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements:	5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements:	
(a) The identification of the financial statements audited;	(a) The identification of the financial statements audited;	
(b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors;	(b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors;	
(c) A reference to the audit standards followed;	(c) A reference to the audit standards followed;	
(d) A description of the work performed;	(d) A description of the work performed;	
(e) An expression of opinion on the financial statements as to whether:	(e) An expression of opinion on the financial statements as to whether:	
(i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;	(i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;	
(ii) The financial statements were prepared in accordance with the stated accounting policies; and	(ii) The financial statements were prepared in accordance with the stated accounting policies; and	
(iii) The accounting policies were applied on a basis consistent with that of the preceding financial period;	(iii) The accounting policies were applied on a basis consistent with that of the preceding financial period;	
(f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;	(f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;	
(g) The date of the opinion;	(g) The date of the opinion;	
(h) The names and positions of the members of the Board of Auditors;	(h) The names and positions of the members of the Board of Auditors;	
(i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements.	(i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements.	

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:	6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:	
(a) The type and scope of its examination;	(a) The type and scope of its examination;	
(b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:	(b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:	
(i) Information necessary to the correct interpretation of the accounts;	(i) Information necessary to the correct interpretation of the accounts;	
(ii) Any amounts which ought to have been received but which have not been brought to account;	(ii) Any amounts which ought to have been received but which have not been brought to account;	
(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;	(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;	
(iv) Expenditures not properly substantiated;	(iv) Expenditures not properly substantiated;	
(v) Whether proper books of accounts have been kept — where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed,	(v) Whether proper books of accounts have been kept — where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;	
(c) Other matters which should be brought to the notice of the General Assembly, such as:	(c) Other matters which should be brought to the notice of the General Assembly, such as:	
(i) Cases of fraud or presumptive fraud;	(i) Cases of fraud or presumptive fraud;	
(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);	(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);	
(iii) Expenditure likely to commit the Organization to further outlay on a large scale;	(iii) Expenditure likely to commit the Organization to further outlay on a large scale;	
(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;	(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;	
(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;	(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;	
(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	

Proposed Financial Regulation	*Existing Financial Regulation*	*Explanation*
(vii) Expenditure not in conformity with the authority which governs it; (d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records; (e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge. 7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General. 8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded. 9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation. 10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.	(vii) Expenditure not in conformity with the authority which governs it; (d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records; (e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge. 7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General. 8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded. 9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation. 10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.	

Appendix

New Financial Rules

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
Article I. General provisions		
Rule 101.1 The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the United Nations except as may otherwise explicitly be provided by the General Assembly or unless specifically exempted therefrom by the Secretary-General. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Under-Secretary-General for Management. The Under-Secretary-General for Management may in turn delegate by administrative instruction authority for specified aspects of the Financial Regulations and Rules. These administrative instructions will state whether the delegated official may assign aspects of this authority to other officials. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.	**Rule 101.1** These Rules are promulgated in accordance with the provisions of the Financial Regulations. They shall govern the administration of all financial activities of the United Nations, except as may otherwise be provided by the General Assembly, or specifically exempted therefrom by the Secretary-General. The Under-Secretary-General for Administration and Management (USG/AM) shall be responsible for the administration of these Rules on behalf of the Secretary-General. The USG/AM may delegate authority under these Rules, as appropriate, to other officials.	Strengthened, clarified and updated. The Department of Administration and Management is now known as the Department of Management (see ST/SGB/1997/5 and ST/SGB/1997/11). The last sentence of new rule 101.1 has been amended in accordance with a recommendation of the Board of Auditors.
	Rule 114.4 These Rules may be amplified by administrative instructions issued by the USG/AM.	Deleted as unnecessary (see new rules 101.1 and 101.2). The functions of administrative instructions, and the role of the USG/M in this regard, are described in ST/SGB/1997/1.
	Rule 114.5 These Rules may be amended by the Secretary-General in a manner consistent with the Financial Regulations.	Deleted as unnecessary: covered by the first sentence of new rule 101.1.
Rule 101.2 All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules and corresponding administrative instructions may be held personally accountable and financially liable for their actions.	**Rule 114.1** Every official of the United Nations is responsible to the Secretary-General for the regularity of the actions taken by him or her in the course of his or her official duties. Any official who takes any action contrary to these Financial Rules, or to the administrative instructions issued in connection therewith, may be held personally responsible and financially liable for the consequences of such action.	Strengthened and clarified. The regularity, quality and quantity of actions taken by staff members are performance management issues and as such are properly the purview of the Staff Regulations and Rules (also see ST/AI/2002/3 regarding the establishment of the Performance Appraisal System).

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
Rule 101.3 For the purpose of these Rules: (a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions; (b) "Department" shall mean any department, office or other distinct organizational entity; (c) "Head of department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a "department" as defined in subparagraph (b) above; (d) "USG/M" shall mean the Under-Secretary-General for Management.	**Rule 101.2** For the purpose of these Rules: (a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions. (b) "Department" shall mean any department, office, secretariat or other separate organizational entity so designated by the Secretary-General. (c) "Head of department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a "department" as defined in (b) above. (d) "Programming Planning and Budgeting Board" shall mean the board established by the Secretary-General to assist him in the exercise of his responsibilities in respect of planning, programming and budgeting. (e) "USG/AM" shall mean the Under-Secretary-General for Administration and Management. (f) "The Controller" shall mean the Assistant Secretary-General for Financial Services (Controller) or a United Nations official duly designated by the Controller.	Edited and clarified. Part (d) of existing rule 101.2 has been deleted: this is not a regulatory requirement and does not need to be reflected in the Rules. Part (d) of new rule 101.3 now accords with ST/SGB/1997/5 and ST/SGB/1997/11. Part (f) of existing rule 101.2 has been deleted: as per rule 101.1, responsibility for the Financial Rules is delegated to the USG/M. The Controller is not referred to in the revised Rules. The inconsistency between the assignment to the USG/M, in rule 101.1, of responsibility for the Rules (including the authority to delegate this authority to other officials) and the designation of the Controller under specific Rules is removed. As per new rule 101.1, the Controller may receive a direct delegation of authority from the USG/M.
	Rule 114.6 These Rules shall be effective as of and from 1 January 1984 and shall supersede all other provisions in force before that date and contrary to these Rules. However, if a consequential change in these Rules is required to be made in order to conform to a change made by the General Assembly in the Financial Regulations, the effective date of such rule change shall be the effective date of the revision of the applicable regulation.	Deleted as unnecessary. Unless otherwise stated, rules become effective on the date they are promulgated and automatically supersede all relevant prior provisions (see ST/SGB/1997/1). In this instance, these details will be included in the covering instructions from the Secretary-General. In light of the comprehensive nature of this revision, the effective date depends upon the date to be added to new regulation 1.3. New rule 101.1 explains the relationship between General Assembly approved Regulations and the Rules promulgated by the Secretary-General.

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
Article II. Budgets A. The programme budget		
	Rule 103.1 The proposed programme budget, both for income and expenditures, shall be prepared on a gross basis in such form as the General Assembly may prescribe.	Deleted as unnecessary. The authority of the General Assembly should not be the subject of a rule: it is not promulgated, and cannot be waived, by the Secretary-General (as per new rule 101.1). General Assembly requirements are the subject of General Assembly resolutions and, in this instance, the Financial Regulations and the Regulations Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation; as approved by the General Assembly in its resolution 53/207 (ST/SGB/2000/8).
Rule 102.1 (a) The Secretary-General shall decide on the programme content and resource allocation of the proposed programme budget to be submitted to the General Assembly. (b) Heads of department shall prepare programme budget proposals for the forthcoming financial period at such times and in such detail as the USG/M may prescribe and in accordance with the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.	**Rule 103.2** (a) Heads of departments shall prepare programme budget proposals for the following financial period at such times and in such detail as the Secretary-General may prescribe and in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. (b) The estimates for the United Nations Joint Staff Pension Board and United Nations Staff Pension Committee shall be submitted to the USG/AM by the Secretary of the Board.	New rule 102.1 defines the budgetary authority retained by the Secretary-General and the delegation of authority to the USG/M. Part (a) of existing rule 103.2 is now part (b) of new rule 102.1. Part (b) of existing rule 103.2 has been deleted as unnecessary: these entities are covered by new regulation 1.1 and new rule 101.1.
	Rule 103.3 The programme budget proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberations of the Board, the Secretary-General shall decide on the programme content and resource allocation of the budget to be submitted to the General Assembly.	Deleted as unnecessary: the process by which the Secretary-General decides on programme content and resource allocation is not the subject of a Regulation and need not therefore be reflected in the Rules. The authority of the Secretary-General is maintained in part (a) of new rule 102.1 (a).

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
Rule 102.2 In addition to the detailed requirements of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, the proposed programme budget shall contain: (a) A detailed statement of resources by section, programme and subprogramme; for purposes of comparison, the expenditures for the previous financial period and the revised appropriations for the current financial period shall be indicated alongside the resource estimates for the forthcoming financial period; (b) A statement of estimated income, including staff assessment income and income classified as miscellaneous in accordance with regulation 3.13; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.	**Rule 103.4** The proposed programme budget shall contain: (a) Programme narratives in conformity with the standards set out in rule 104.4 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation; (b) A detailed statement of the estimated expenditure provided for under each part, section, programme and subprogramme; for purposes of comparison, the appropriations for the current financial period shall be indicated alongside the estimates for the ensuing financial period; (c) A statement of the estimated miscellaneous or other income under appropriate headings. **Rule 107.4** The proposed programme budget shall include information on the revenue-producing activities referred to in rule 107.3 above, showing the estimates of gross revenue and expenditure for each such activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.	Since existing rules 103.4 and 107.4 pertain to the same issue they have been merged (and simplified) as new rule 102.2.
	Rule 103.5 The Secretary-General shall submit advance copies of the proposed programme budget to the Committee for Programme and Coordination and to the Advisory Committee by the end of April in the year preceding each financial period, and shall arrange for transmittal of the proposed programme budget, together with the report of the Advisory Committee thereon, to all Member States at least five weeks prior to the opening of the regular session of the General Assembly for that year.	Deleted as unnecessary, repetitive and inappropriate. These are regulatory requirements and cannot be promulgated, and if necessary waived, by the Secretary-General (see new rule 101.1). The date of the submission of the proposed programme budget to the Committee for Programme and Coordination and the Advisory Committee is the subject of regulation 5.7 of the Regulations Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. The submission of the proposed programme budget and the report of the Advisory Committee thereon is the subject of new regulations 2.4, 2.5 and 2.6.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
Rule 102.3 The USG/M shall arrange for the publication of the programme budget as approved by the General Assembly.	**Rule 103.7** The Controller shall arrange for the publication of the programme budget as finally approved by the General Assembly, showing the appropriations by parts, sections, programmes and subprogrammes, as appropriate, and changes adopted by the General Assembly in the programme elements and output contained in the proposed programme budget.	Simplified and revised to reflect the authority of the USG/M.
Rule 102.4 Revised and supplementary programme budget proposals may be submitted in the following instances: (a) When, in the interests of peace and security, urgent approval is required; (b) When they include activities which the Secretary-General considers to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared; (c) In respect of decisions taken by the General Assembly; (d) In respect of decisions taken by the Security Council, the Economic and Social Council or the Trusteeship Council; (e) When they cover activities mentioned in earlier programme budget proposals as items for which later submissions would be made; (f) When they involve changes in expenditure requirements associated with inflation and currency fluctuations.	**Rule 103.6** Revised programme budget proposals may be submitted in respect of the ensuing financial period, as necessary, in the following instances: (a) Those for which approval is required as a matter of urgency in the interests of peace and security; (b) Those in respect of activities which the Secretary-General certifies to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared; (c) Those in respect of decisions of the Security Council, the Economic and Social Council or the Trusteeship Council; (d) Those in respect of decisions taken by the General Assembly either without reference to a Main Committee or on the recommendation of such a Committee; (e) Those mentioned in the initial programme budget proposals as items in respect of which later submissions would be made; (f) Those involving changes in expenditures associated with inflation and currency fluctuations which could not have been foreseen or projected.	Revised (and clarified) to encompass revised and supplementary programme budget proposals and current as well as ensuing financial periods.
	Rule 103.11 Supplementary programme budget proposals in respect of the current financial period shall be submitted to each regular session of the General Assembly.	Deleted as unnecessary repetition of new regulation 2.9 with unnecessary specificity as regards the nature of the General Assembly session.
Rule 102.5 (a) Heads of department shall prepare revised and supplementary programme budget proposals in such detail and at such times as the USG/M may prescribe.	**Rule 103.12** Heads of departments shall prepare supplementary programme budget proposals in such detail as the Secretary-General may prescribe.	Existing rules 103.12 and 103.13 have been revised and merged. Rule 103.12 is now part (a) of new rule 102.5, with the amended

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
(b) The Secretary-General shall decide on the programme content and resource allocation of all revised and supplementary programme budget proposals to be submitted to the General Assembly.	**Rule 103.13** These proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberation of the Board, the Secretary-General shall decide as to the supplementary programme budget proposals to be submitted to the General Assembly.	delegation of authority to the USG/M. Rule 103.13 is now part (b) of new rule 102.5; with reference to the Programme Planning and Budgeting Board deleted (see the explanation regarding existing rule 103.3, above). Reference to time frames was added at the suggestion of the Board of Auditors.
Rule 102.6 All heads of department are responsible for preparing, obtaining clearance thereon from the USG/M, and presenting to relevant legislative bodies the statements on programme budget implications required by regulation 2.10.	**Rule 113.1** It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services, to ensure that the report on the programme budget implications required by regulation 13.1 is submitted to a Council, Commission, United Nations regional commission or other competent body prior to its adoption of any decision. It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services, and as required, with the Programme Planning and Coordination Office of the Department of International Economic and Social Affairs, to ensure that the report on the programme budget implications required by regulation 13.1 is submitted to the General Assembly prior to its adoption of any decision.	Clarified and simplified.
Rule 102.7 (a) Authorizations to incur commitments in accordance with General Assembly resolutions relating to unforeseen and extraordinary expenses shall be issued by the USG/M. (b) The USG/M shall report to the General Assembly on the status of all commitments relating to unforeseen and extraordinary expenses in the performance reports on the programme budget.	**Rule 103.8** Authorizations to incur commitments under the resolution relating to unforeseen and extraordinary expenses shall be issued personally by the USG/AM or by the Controller or, in their absence, by such other official as may be specifically designated by the Secretary-General. **Rule 103.10** The Controller shall take such measures as may be required: (a) To ensure that the Advisory Committee is kept currently informed on the status of all commitments under the resolution relating to unforeseen and extraordinary expenses; (b) To provide for the submission of a report thereon to the General Assembly at each regular session, together with supplementary programme budget proposals in connection therewith.	Existing rules 103.8 and 103.10 have been simplified and merged. Rule 103.8 is now part (a) of new rule 102.7. Rule 103.10 is now part (b) of new rule 102.7 and has been revised to reflect current practice and the delegation of authority to the USG/M. Reference to supplementary programme budget proposals is unnecessary (see new rule 102.4).

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	Rule 103.9 The Financial Rules relating to the administration of and operations under the budget appropriations shall be deemed to govern, to the extent applicable, commitments authorized and credits made available under the General Assembly resolution relating to unforeseen and extraordinary expenses.	Deleted as unnecessary: see rule 101.1 governing the applicability of the Financial Rules.
B. Peacekeeping operation budgets		
Rule 102.8 (a) The Secretary-General shall decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the General Assembly. (b) Budget estimates for peacekeeping operations shall be prepared at such times and in such detail and form as the USG/M may prescribe and in accordance with the requirements of the General Assembly.		New rule, tailored for peacekeeping operations' budgets along the lines of new rule 102.1 for the programme budget. New rule 102.8 also corresponds to new regulation 2.12 and General Assembly resolution 55/220 C. Strengthened in accordance with a recommendation of the Board of Auditors.
Article III. Contributions and other income		
A. The programme budget		
	Rule 105.1 Assessments on Member States shall be made in accordance with the scale established by the General Assembly.	Deleted as unnecessary repetition of new regulations 3.1 and 3.10. This should not be the subject of a rule since it cannot be promulgated/ waived by the Secretary-General (see rule 101.1).
Rule 103.1 The USG/M shall comply with regulation 3.3 within thirty days of the General Assembly's decision to approve or revise the programme budget and the level of the Working Capital Fund. Requests for the payment of assessed contributions and advances to the Working Capital Fund shall also inform Member States of the extent to which and the conditions under which their contributions and advances may be paid in currencies other than the United States dollar.	**Rule 105.6** Not later than thirty days after the General Assembly has adopted the resolutions approving or revising the programme budget and determined the amount of the Working Capital Fund, the Controller shall: (a) Transmit to Member States all relevant documents; (b) Inform Member States of their commitments in respect of annual contributions and of advances to the Working Capital Fund;	Simplified and revised to reflect the delegation of authority to the USG/M; the unnecessary repetition of new regulation 3.3 is also deleted.

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
	(c) Request remittance of Member States' contributions and any advances to the Working Capital Fund; (d) Inform Member States of the extent to which and the conditions under which their contributions may be paid in currencies other than the United States dollar. (See also financial rule 105.7 with respect to contributions and advances — currency of assessment.)	
Rule 103.2 At the beginning of each calendar year, the USG/M shall determine the assessment base to which non-member States are called upon to make contributions, calculate the required contribution of each non-member State applying General Assembly approved criteria, and inform them accordingly.	**Rule 105.8** As soon as possible after the close of each calendar year, the Controller shall determine the expenses relating to the activities of the Organization in respect of which non-member States are called upon to make contributions. Applying the rates established by the General Assembly to such expenses, the Controller shall inform the non-member States of the contributions due. Such contributions shall be treated as miscellaneous income of the United Nations.	Simplified, clarified (in accordance with a recommendation of the Board of Auditors) and revised to reflect the delegation of authority to the USG/M. The provision in the last sentence of existing rule 105.8 has been moved to new rule 103.5 where it is grouped with other miscellaneous income provisions.
Rule 103.3 (a) To the extent authorized by the General Assembly, and notwithstanding regulation 3.9, assessed contributions and advances to the Working Capital Fund may be paid in currencies other than the United States dollar if the USG/M is satisfied that: (i) The currencies are required to meet expenses to be settled in those selfsame currencies; (ii) The currencies represent freely transferable and readily usable funds throughout the country within which they are to be used, or the donor country, if different, without the need for further negotiations with regard to exchange or other regulations or controls. (b) The equivalent, in United States dollars, of contributions paid in other currencies is calculated at the most favourable rate of exchange available to the United Nations on the date of payment (normally the market buying rate).	**Rule 105.7** (a) Contributions and advances to the Working Capital Fund shall be assessed in United States dollars. This shall not preclude the acceptance, to the extent authorized by the General Assembly, of other currencies in payment of Members' contributions, provided the Controller decides that: (i) Such other currencies are required by the United Nations for the financing of the expenses; (ii) Such other currencies represent freely transferable funds (1) which are readily usable within the country whose currency is accepted and (2) which do not require further negotiation in regard to exchange or other regulations or controls either with the country whose currency is accepted or with the paying country, if different; (iii) The dollar equivalent of the contributions paid in currencies other than United States dollars is calculated at the most favourable rate of exchange effective on the date of payment and available to the United Nations (normally the market buying rate). (b) If at any time during the year following the date of payment of an assessed contribution, which contribution was accepted in a currency other than United States dollars, a reduction in the exchange value of that currency should occur in terms of United	Edited and simplified. Part (a) (iii) of existing rule 105.7 is now part (b) of new rule 103.3. Part (b) of existing rule 105.7 is deleted as unnecessary and impractical (part (b) of new rule 103.3 is sufficient in this respect). Part (c) of rule 105.7 is also unnecessary and repetitive: part (a) of new rule 103.3 covers the extent to which assessed contributions and advances may be paid in currencies other than the United States dollar.

New Financial Rule	Existing Financial Rule*	Explanation
	States dollars, the Member State so paying shall be required to make an additional payment to cover the exchange variation for such balance of the contribution as may remain unexpended, unless such additional payment is waived in writing by the Controller for good and sufficient reason. (c) A Member State shall be given absolute priority for payment of assessed contributions in its own currency to the extent that the Controller accepts such currency under financial rules 105.6 and 105.7.	
C. Voluntary contributions, gifts and donations		
Rule 103.4 (a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires the approval of the USG/M. (b) Voluntary contributions, gifts or donations which directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly. (c) Gifts or donations are to be defined and administered as voluntary contributions.	**Rule 107.5** In cases other than those approved by the General Assembly, the establishment of any trust fund or the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires the approval of the Secretary-General, who may delegate this authority to the USG/M. **Rule 107.7** Voluntary contributions, gifts or donations which directly or indirectly involve an immediate or ultimate financial liability for the Organization may be accepted only with the approval of the General Assembly.	Existing rules 107.5 and 107.7 have been merged and simplified as new rule 103.4. Rule 107.5 is now part (a) of new rule 103.4 minus that part of rule 107.5 concerning the establishment of trust funds, which is reflected, more appropriately, in new rule 104.3. The issuance of receipts for contributions is covered by new rule 103.8. Existing rule 107.7 is now part (b) of new rule 103.4. Part (c) of new rule 103.4 extends the applicability of new regulation 3.11 to gifts and donations.
	Rule 107.6 No voluntary contribution, gift or donation for a specific purpose may be accepted if the purpose is inconsistent with the policies and aims of the United Nations.	Deleted as unnecessary repetition of new regulation 3.11.
D. Miscellaneous income		
Rule 103.5 Contributions from non-member States and, for the year of admission to the United Nations, from new Member States, shall be credited as miscellaneous income.		The provision for contributions from non-member States included in existing rule 105.8 was moved to new rule 103.5 to be grouped with other miscellaneous income provisions. The rule for new Member States is new and reflects actual practice.

New Financial Rule	*Existing Financial Rule*	*Explanation*
Rule 103.6 (a) Within the same financial period, reimbursements of actual expenditures incurred may be credited to the accounts against which they were originally charged; reimbursements of actual expenditures incurred in prior financial periods shall be credited as miscellaneous income. (b) Adjustments which arise subsequent to the closing of an extrabudgetary account (i.e. a trust fund, special account, project, etc.) shall be debited or credited against miscellaneous income in that selfsame account.	**Rule 107.2** (a) Refunds of expenditures which had been charged in the same financial period against the budgetary accounts may be credited against the same accounts, but refunds of expenditures of prior financial periods shall be credited to miscellaneous income. (b) Adjustments which arise subsequent to the closing of an extrabudgetary account, i.e., a trust fund, special account, project etc., shall be classed as miscellaneous income and charged or credited to miscellaneous income of the appropriate account.	Edited and clarified.
Rule 103.7 Proceeds from revenue-producing activities and from the rental of United Nations office space shall be credited as miscellaneous income.	**Rule 107.1** Proceeds from the rental of property or from the loan of staff members or other services rendered shall be credited as miscellaneous income. **Rule 107.3** Revenue-producing activities (e.g., the United Nations Postal Administration, the Visitors' Service, sale of publications, United Nations garage operations, the United Nations gift centre and catering and related services) which are not directly financed out of the programme budget appropriations, but the net income from which accrues as miscellaneous income to the Organization, shall be subject to the same financial controls as apply to activities financed from the programme budget appropriations and shall be administered in accordance with these Financial Regulations and Rules.	Existing rules 107.1 and 107.3 have been simplified and merged to create new rule 103.7. The proceeds from the loan of staff and other services rendered do not warrant special mention in a rule; they also fall under the aegis of revenue producing activities and new regulation 3.13. Furthermore, it may not be necessary, or practical, to credit these proceeds to miscellaneous income: it is more likely that this revenue will be subject to part (a) of new rule 103.6. The definition of revenue producing activities in existing rule 107.3 is unnecessary as is the statement that these activities "shall be administered in accordance with these Financial Regulations and Rules" (see regulation 1.1 and rule 101.1 as regards the applicability of the Financial Regulations and Rules).
E. Contributions and other income received		
Rule 103.8 (a) An official receipt shall be issued within two business days of receipt for all cash and negotiable instruments received. (b) Only officials designated by the USG/M shall be authorized to issue official receipts. If other officials receive money intended for the Organization, they must immediately convey this money to an official authorized to issue an official receipt. (c) All moneys received shall be deposited in an official bank account within two business days of receipt.	**Rule 108.2** (a) An official receipt shall be issued on the date of receipt for all moneys received. (b) Only officials duly designated by the Controller shall be authorized to issue such receipts. In cases where officials other than those authorized to issue official receipts receive moneys intended for the Organization, they shall immediately transmit such moneys in full to the cashier or other official authorized to issue an official receipt.	Existing rules 108.2 and 108.3 have been simplified, edited and merged in new rule 103.8. They have also been amended to reflect the delegation of authority to the USG/M and to establish more practical time frames for the performance of receipt and deposit functions. The period of two business days was proposed by the Board of Auditors.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	(c) Receipts shall be recorded in the accounts on the date the remittance is received.	
	Rule 108.3	
	All moneys received shall be deposited intact in an official bank account not later than the business day following the date of receipt.	
Article IV. Custody of funds		
A. Internal accounts		
Rule 104.1	**Rule 106.2**	
Advances from the Working Capital Fund may be made only for the purposes, and within the terms and conditions, prescribed by the General Assembly and only with the approval of the USG/M.	(a) Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly, and only on the basis of a written authorization signed by the Controller.	Part (a) of existing rule 106.2 has been amended to reflect the delegation of authority to the USG/M. Part (b) of rule 106.2 has been deleted as unnecessary: repetition of new regulations 4.3 and 4.4.
	(b) All advances necessary to finance budgetary appropriations pending the receipt of contributions or to finance obligations under resolutions relating to unforeseen and extraordinary expenses duly approved in accordance with the provisions of rule 103.9 shall be reimbursed to the Working Capital Fund as soon as the cash balance in the General Fund is sufficient for the purpose.	
Rule 104.2		
Advances from the Peacekeeping Reserve Fund may be made only for the purposes, and within the terms and conditions prescribed, as appropriate, by the Security Council, the General Assembly and the Advisory Committee and only with the approval of the USG/M.		New rule assigning authority for the issuance of advances from the Peacekeeping Reserve Fund to the USG/M; drafted following the format of new rule 104.1 for the Working Capital Fund. Also see new regulations 4.5 to 4.9.
	Rule 105.2	
	A Tax Equalization Fund has been established to which shall be credited all revenues derived from amounts withheld from the salaries of staff members on account of staff assessment which are not otherwise disposed of by specific decision of the General Assembly.	New regulations 4.10 to 4.12 replace existing rules 105.2 to 105.5. In the previous Financial Regulations and Rules, provisions governing the Tax Equalization Fund were erroneously presented as rules, i.e., as being promulgated, and if necessary waived, by the Secretary-General (see rule 101.1). The Tax Equalization Fund, and the modalities of its operation, were actually established by the General Assembly in resolution 973 A (X) and revised by resolution 1099 (XI).
	Rule 105.3	
	Credits to Member States shall be recorded in the accounts of the Fund in the proportion of the scale of assessments determined by the General Assembly for each Member State for each	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	calendar year of the financial period concerned. Any adjustments for prior financial periods shall be made in the proportion of the scale of assessments for each Member State in effect for the calendar year for which such adjustments are taken into account in the resolution on the financing of appropriations. The credit of a Member State shall be utilized to refund staff members for income taxes levied by that Member State in respect of income derived from the Organization, provided that where the total of such refunds is in excess of the Member State's credit in the Fund, the excess shall be charged to the regular budget of the United Nations. **Rule 105.4** Obligations shall be established against the Fund to cover the estimated liabilities in respect of the refunds to staff members of the income taxes referred to in rule 105.3. **Rule 105.5** Balances remaining to the credit of Member States after the refunds and the obligations referred to in rules 105.3 and 105.4, respectively, shall be set off against the contributions due from the Member States concerned for the next subsequent calendar year.	
Rule 104.3 Trust funds and reserve and special accounts may be established by the General Assembly or the Secretary-General in respect of specific activities entrusted to the Organization. The establishment, purpose and limits of trust funds and reserve and special accounts established under the authority of the Secretary-General require the approval of the USG/M.	**Rule 106.3** Trust funds, reserve and special accounts may be established outside the programme budget appropriations in respect of specific activities entrusted to the Organization. **Rule 106.4** The purpose and limits of each trust fund, reserve or special account established shall be as defined by the appropriate authority. Such funds and accounts shall be administered in accordance with these Financial Rules unless otherwise provided by the General Assembly.	Existing rules 106.3 and 106.4 have been edited, simplified and merged as new rule 104.3. The "appropriate authority" mentioned in rule 106.4 is defined in new rule 104.3 and reference to the authority of the Financial Rules over these funds and accounts is deleted because it is unnecessary (see rule 101.1 governing the applicability of the Financial Rules).
B. Banking		
Rule 104.4 The USG/M shall designate the banks in which the funds of the United Nations shall be kept, shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is	**Rule 108.1** (a) The Controller or those United Nations officials authorized by the Controller shall designate the banks in which the funds of the United Nations shall be kept. The designation of a bank shall cover all branches of that bank.	Existing rule 108.1 has been simplified, updated and revised to reflect the delegation of authority to the USG/M. The provisions vis-à-vis bank "branches" in parts (a) and (c) (i)

New Financial Rule	*Existing Financial Rule[a]*	*Explanation*
delegated for the operation of those accounts. The USG/M shall also authorize all bank account closures. United Nations bank accounts are to be opened and operated in accordance with the following guidelines: (a) Bank accounts shall be designated "official accounts of the United Nations" and the relevant authority shall be notified that those accounts are exempt from all taxation; (b) Banks shall be required to provide prompt monthly statements; (c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment; (d) All banks shall be required to recognize that the USG/M is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the United Nations.	(b) The Controller or those authorized by the Controller shall establish such official bank accounts as may be required for the transaction of United Nations business and shall designate signatories to operate those accounts. Officials other than those authorized to establish bank accounts may, with appropriate notification to the bank, be authorized to amend signatory panels. (c) If, at an office away from Headquarters, it is necessary to open a bank account at such short notice that there is not time for the Controller to make the usual arrangements, the head of the office may open the account on the following conditions: (i) Wherever possible, the bank shall be a branch of one of the banks designated under rule 108.1 (a); (ii) The bank shall be instructed that the account is an official account of the United Nations and that the bank is authorized to provide any information that the Controller may request concerning the account; (iii) The bank shall also be instructed that monthly bank statements (accompanied by all paid cheques, withdrawal instructions and debit and credit advices) are required and to whom they are to be sent; (iv) An immediate report by telegraph shall be made to the Controller, who shall promptly advise the head of office and the bank as to whether the account is, in fact, an official account of the United Nations; (v) Wherever possible, two signatures shall be required on all cheques and on all withdrawal instructions.	of rule 108.1 are unnecessary and have been deleted (these are administrative issues and not regulation-relevant requirements). New rule 104.4 also includes a new provision as regards the closure of bank accounts. Part (c) (ii) of rule 108.1 has been strengthened within the context of the privileges and immunities of the United Nations and is presented as parts (a) and (d) of new rule 104.4. Part (c) (iii) of rule 108.1 is now part (b) of new rule 104.4, revised to reflect standard banking practice, a recommendation of the Board of Auditors and the sufficiency of bank statements. Part (c) (iv) of rule 108.1 has been deleted as unnecessary and part (c) (v) of rule 108.1 is now part (c) of new rule 104.4 and has been revised to reflect modern payment modalities.
	Rule 108.11 Cheques shall be signed by two authorized signatories designated by the Controller, provided that the Controller may, where deeming that adequate safeguards are provided, authorize the signature of cheques by one signatory only or authorize the use of facsimile signatures. In order to provide adequate internal controls, the Controller will not authorize finance officers to sign cheques, unless a division of duties is not practicable.	Deleted as unnecessary: part (c) of new rule 104.4 covers the two-signatures principle and new rules 104.5 and 105.6 provide clearer instructions regarding the division of bank signatory and approving officer functions. The arrangements as regards the granting of exceptions to the two-signatures principle described in rule 108.11 are unnecessary: reference to the granting of exceptions to Financial Rules in rule 101.1 is sufficient.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
Rule 104.5 Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with rule 105.6. Designated bank signatories must: (a) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment; (b) Verify that all cheques and other payment instructions are pre-encumbered, dated and drawn to the order of the named payee approved by an approving officer (designated in accordance with rule 105.6), as indicated in the accompanying disbursement voucher, payment instructions and original invoice; (c) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with rule 106.11.		Accountability-strengthening new rule 104.5 outlines the core responsibilities of bank signatories designated in accordance with new rule 104.4 (clarified in accordance with a recommendation of the Board of Auditors). By defining the responsibilities of bank signatories in the Financial Rules, the functional relationship between bank signatories and the Financial Regulations and Rules is strengthened. Perhaps more importantly, this Rule will constitute a primary reference in the administrative instrument by which the USG/M designates bank signatory functions and a central means of holding designated officials accountable for the performance of these functions.
Rule 104.6 Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business.	**Rule 108.8** Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent essential for the transaction of official business.	Editorial changes.
Rule 104.7 Offices away from Headquarters shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the USG/M, these remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next two and a half months.	**Rule 108.7** Offices away from Headquarters shall obtain their funds by remittances from Headquarters. In the absence of a special authorization from the Controller, the remittances shall not exceed the amount required to bring the cash balance of the office concerned to the estimated cash requirements for the next two-and-one-half months.	Edited and revised to reflect the delegation of authority to the USG/M.
Rule 104.8 (a) Petty cash advances and Cashier's Fund advances may only be made by and to officials designated for this purpose by the USG/M. (b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the USG/M.	**Rule 108.4** Petty cash advances and Cashier's Fund advances may be made to officials designated by the Controller. The accounts therefore shall normally be maintained on an imprest system. The amount and purposes of each advance shall be defined by the Controller, the amount being held to the minimum compatible with working requirements.	Existing rules 108.4 and 108.6 have been merged in new rule 104.8, which covers all cash advances, not just petty cash and Cashier's Fund advances. New rule 104.8 reflects the authority delegated to the USG/M and no longer repeats the cash requirements provision of new rule 104.7.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
(c) The USG/M may make other cash advances as may be permitted by the Staff Regulations and Rules, administrative instructions and as may otherwise be approved in writing by him or her.	**Rule 108.6** In addition to advances specified in these Rules, the Controller may make such other cash advances as may be permitted by the Staff Rules and administrative instructions or as may be approved by him or her.	
Rule 104.9 Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts, unless otherwise directed by the USG/M.	**Rule 108.5** Officials to whom cash advances are issued under rule 108.4 shall make use of such advances only for the purpose for which the advances were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the cash so advanced. They shall render accounts as required by the Controller which, unless otherwise provided, shall be not less frequently than once each month. They shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.	Edited, simplified and revised to reflect the authority of the USG/M. Strengthened in accordance with a recommendation of the Board of Auditors.
Rule 104.10 (a) All disbursements shall be made by cheque, by wire transfer or by electronic funds transfer except to the extent that cash disbursements are authorized by the USG/M. (b) Disbursements shall be recorded in the accounts as at the date when they are made, that is, when the cheque is issued, transfer is effected or cash is paid out. (c) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all disbursements.	**Rule 108.10** (a) All disbursements shall be made by cheque, except to the extent that cash disbursements are authorized by the Controller. (b) Disbursements shall be recorded in the accounts as of the date when the disbursement is made, that is, when the cheque is issued or cash is paid out. **Rule 108.12** Except where a paid cheque is returned by the bank and can thus serve as a receipt, the payee's receipt shall be obtained for all disbursements, unless special arrangements have been authorized by the Controller.	Existing rules 108.10 and 108.12 have been merged as new rule 104.10 and revised to reflect the use of modern disbursement modalities and to delegate authority to the USG/M. Rule 108.12 is now part (c) of new rule 104.10 minus the reference to "special arrangements": this is unnecessary since reference to the granting of exceptions to Financial Rules in rule 101.1 is sufficient.
Rule 104.11 Every month, unless an exception is authorized by the USG/M, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outposted office makes this impracticable, alternative arrangements may be established in consultation with the USG/M.	**Rule 111.9** All bank accounts shall be reconciled monthly with the statements submitted by the banks by officials having no actual part in the receipt or disbursement of funds, provided that the Controller may authorize exceptions in the case of offices away from Headquarters.	Strengthened, clarified and revised to reflect the delegation of authority to the USG/M.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
C. Investments		
Rule 104.12 (a) The authority to make, and prudently manage investments under regulations 4.16 and 4.17 is delegated to the USG/M. (b) The USG/M shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.	**Rule 109.1** (a) The Controller may make short-term investments of moneys not needed for immediate requirements, and may, after consultation with the Investments Committee, make long-term investments on account of the United Nations Joint Staff Pension Fund, the Library Endowment Fund and other trust funds and special accounts, subject always to the provisions of the appropriate regulations, rules, terms or conditions relating to such funds and accounts. The authority contained in this rule to make investments shall include the authority to exchange or sell, as well as to purchase, investment securities. (b) The Controller shall report periodically on such investments to the Advisory Committee and, in respect of investments made on behalf of the United Nations Joint Staff Pension Fund, to the United Nations Joint Staff Pension Board.	The repetition in existing rule 109.1 of parts of new regulations 4.16 and 4.17 is unnecessary and has been deleted. Specific references to the United Nations Joint Staff Pension Fund and the Library Endowment Fund are unnecessary since they automatically fall under new regulation 4.17. The authority to make investments automatically entails the purchase, exchange and sale of investments so this provision of rule 109.1 has also been deleted. The delegation of authority has been revised to reflect the USG/M. Part (b) of new rule 104.12 defines the investment objectives upon which the Organization's investment policy is based. The absence of similar guidance in prior issuances was an oversight.
Rule 104.13 Investments shall be recorded in an investment ledger, which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.	**Rule 109.3** Investments shall be registered in an investment ledger, which shall show relevant details for each investment, including the face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.	Minor editorial changes.
Rule 104.14 (a) All investments shall be made through and maintained by recognized financial institutions designated by the USG/M. (b) All investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that purpose by the USG/M.	**Rule 109.2** (a) All securities shall be deposited either in the custody of duly appointed bankers or in safe deposit vaults maintained by a recognized financial institution designated by the Controller or in the United Nations safes under his or her direct control. (b) Withdrawal of securities from the custody of bankers and access to such safe deposit vaults shall require the authorization and signature of two officials designated for that purpose by the Controller.	Simplified and updated. References to "vaults" are obsolete and the term "securities", suggestive of a preference for a particular type of investment, is replaced by the term "investments".
Rule 104.15 (a) Income from General Fund investments shall be taken into account as miscellaneous income.	**Rule 109.4** (a) Income from investments of the General Fund and the Working Capital Fund shall be taken into account as miscellaneous income.	Simplified and the repetition of new regulation 4.19 is deleted as unnecessary.

New Financial Rule	*Existing Financial Rule*	*Explanation*
(b) Income from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned.	(b) Income from investments of trust funds and special accounts shall include amounts from investments, royalties and other income derived from or accruing to such funds and shall be credited to the trust fund or special account concerned.	
Rule 104.16	**Rule 109.5**	
(a) Any investment losses must be reported at once to the USG/M. The USG/M may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the Board of Auditors within three months following the end of the financial period. (b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.	Any loss of cash or negotiable instruments must be reported at once to the Controller. No amount due to the United Nations may be waived without the written authorization of the Controller.	The subject of existing rule 109.5 — investment losses — has been made clearer. The delegation of authority has been revised to reflect the USG/M. As per new rules 106.8 and 106.9 regarding losses of cash, receivables and property, provision is made in new rule 104.16 for the reporting of investment losses to the Board of Auditors (as recommended by the Board of Auditors). Guidelines for accounting for investment losses are also described.
Article V. Utilization of funds A. Appropriations		
Rule 105.1	**Rule 104.4**	
The USG/M shall obtain the approval of the Advisory Committee in order to transfer credits between programme budget appropriations in those instances where the General Assembly has delegated its authority under regulation 5.6 to the Committee.	The General Assembly, in its biennial appropriation resolutions, has delegated to the Advisory Committee the authority contained in regulation 4.5 to make transfers between appropriation sections of the programme budget. When such a delegation exists, requests shall be made to that Committee for authority to make transfers between appropriation sections.	Procedure clarified by the assignment of a focal point (the USG/M) responsible for the presentation of requests to the Advisory Committee.
Rule 105.2	**Rule 110.6**	
In accordance with regulation 5.7, the authority to approve commitments against future financial periods is delegated to the USG/M. The USG/M shall maintain a record in the accounts of all such commitments (rule 106.7), which shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.	(a) The Controller may approve commitments against current and future financial periods, when they are necessary in the interests of the United Nations. The granting of approval to enter into commitments for which no appropriations have been made shall be subject to such limits and approvals as the General Assembly may prescribe. Such commitments for future financial periods shall normally be restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where longer lead times are required to ensure timely delivery. (b) The Controller shall maintain a record in the accounts of all such commitments, which shall constitute a first charge against the relevant appropriations as these are voted by the General Assembly.	Simplified and revised to reflect the delegation of authority to the USG/M. New regulation 5.7 provides sufficient explanation of these commitments and in this respect the unnecessary detail/repetition in existing rule 110.6 is deleted. All staff actions are supposed to be taken in the interests of the Organization so this statement in rule 110.6 is also unnecessary and has been omitted from new rule 105.2.

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
B. Commitments, obligations and expenditures		
Rule 105.3 The utilization of all funds requires the prior authorization of the USG/M. Such authorization may take the form of: (a) An allotment of funds or other authorization to commit, obligate and expend specified funds for specified purposes during a specified period; (b) An authorization to employ staff against an approved staffing table.	**Rule 106.1** No commitments, obligations or expenditures against any funds may be incurred without the written authorization of the Controller. **Rule 110.1** (a) The USG/M is responsible to the Secretary-General for ensuring that the expenditures of the Organization remain within the appropriations as voted and are incurred only for the purposes approved by the General Assembly. (b) Such authorization may take the form of: (i) An allotment of funds or other authorization to commit funds covering a specific period and/or a specific purpose; and/or (ii) An authorization for the employment of staff or of consultants.	Existing rules 106.1 and 110.1 have been edited, simplified and merged as new rule 105.3. The delegation of authority has been revised and the repetition of new regulation 5.1 has been deleted as unnecessary. The forms of authorization in rule 110.1 have also been clarified and reference to consultants in (b) (ii) has been deleted since these are already covered under part (a) of new rule 105.3.
Rule 105.4 Notwithstanding bank signatory functions assigned in accordance with rule 104.5, all commitments, obligations and expenditures require at least two authorizing signatures, in either conventional or electronic form. All commitments, obligations and expenditures must first be signed ("certified") by a duly designated certifying officer (rule 105.5). Following certification, duly designated approving officers (rule 105.6) must then sign to "approve" the establishment of obligations and the recording of expenditures in the accounts and the processing of payments. Expenditures recorded against an established, certified obligation do not require additional certification, provided that they do not exceed the amount obligated by more than 10 per cent or $2,500 (or its equivalent in other currencies), whichever is lower (rule 105.7). Expenditures under $2,500 (or its equivalent in other currencies) for which the recording of an obligation is unnecessary require both certification and approval.	**Rule 110.3** Every obligation or proposal for the incurring of expenditure shall require: (a) Certification by a certifying officer designated for the purpose by the Controller before the expenditure is actually incurred, provided that the Controller shall have authority to certify obligations and expenditures under all accounts; and (b) Subsequent approval by an approving officer designated for that purpose by the Controller before the obligation is recorded or payment made.	The basic provisions of existing rule 110.3 have been strengthened in new rule 105.4. The role and fundamental importance of certifying and approving functions is explained more clearly and in more detail; the only circumstance in which additional certification is not required is also explained. The new $2,500 obligations threshold is explained below (see new rule 105.7).

New Financial Rule	*Existing Financial Rule*	*Explanation*
Rule 105.5 (a) One or more officials shall be designated by the USG/M as the certifying officer(s) for the account(s) pertaining to a section or subsection of an approved budget. Certifying authority and responsibility is assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with rule 105.6. (b) Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness, and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the USG/M.	**Rule 110.4** (a) One or more officials shall be designated by the Controller as certifying officer(s) for each department on the recommendation of the head of the department. Certifying officers shall be responsible for the specific account(s) assigned to them by the Controller. Alternates may be designated by the Controller to act in the absence of the certifying officer(s). (b) The responsibilities of certifying or alternate certifying officers shall be established by the Controller. The authority granted and responsibility assigned to such officers is a personal one and cannot be delegated. **Rule 110.2** (a) Certifying officers are responsible for the submission to the Controller of the appropriate documents in support of proposed obligations and expenditures. (b) The Controller may, on adequate grounds, disallow any proposal for an obligation or expenditure. (c) Certifying officers shall submit such explanations and justifications as the Controller may require. (d) No transfers between allotments may be made, except on the written authorization of the Controller.	Existing rules 110.4 and 110.2 have been clarified and merged into new rule 105.5. New rule 105.5 more clearly defines and explains the core responsibilities of certifying officers than rules 110.4 and 110.2. This rule, together with new rule 105.4, will constitute a primary reference in the administrative instrument by which the USG/M delegates certifying authority and a central means of holding delegated officials accountable for the performance of certifying functions. The USG/M has been granted the authority to designate certifying officers without the recommendations of a head of department — this is an essential financial control requirement. Parts (b) and (d) of rule 110.2 have been deleted as unnecessary: the authority delegated in new rule 105.3 and the authority to grant exceptions in rule 101.1 encompass these provisions. Reference to alternate certifying officers has been deleted as unnecessary: the provisions applicable to certifying officers automatically apply to their alternates. The essential separation of certifying and approving functions is strengthened by the direct statement forbidding certifying officers from exercising approving functions assigned in accordance with rule 105.6.
Rule 105.6 (a) Approving officers are designated by the USG/M to approve the entry into the accounts of obligations and expenditures relating to contracts, agreements, purchase orders and other forms of undertaking, after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary services, supplies or equipment have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds $2,500 (or its equivalent in other currencies), in accordance with the purpose for which the relevant financial obligation was established. Approving officers must maintain detailed records and must be prepared to submit any supporting	**Rule 108.9** (a) Only those officials designated by the Controller as approving officers may approve obligations for recording in the accounts. Any such obligations must have been duly certified by certifying officers designated by the Controller for that purpose. (b) Only those officials designated by the Controller as approving officers may approve payments on behalf of the Organization. In addition, all authorizations, whether by telegraph or by letter, to effect payments at another duty station are to be issued and signed by the Controller or on behalf of the Controller by those officials who have been duly designated to do so. (c) Payments shall be made only on the basis of duly certified supporting vouchers and other documents which indicate that the goods or services have been received in accordance with the	Based on existing rule 108.9, new rule 105.6 focuses on approving authority. The core responsibilities of approving officers are more clearly defined and explained. New rule 105.6, together with new rule 105.4, will constitute a primary reference in the administrative instrument by which the USG/M delegates approving authority and a central means of holding delegated officials accountable for the performance of approving functions. The payment modalities described in rule 108.9 have been clarified; they are retained where they are of direct relevance to the approving function and are omitted where they repeat provisions of new rules 105.4 and 105.7. The

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
documents, explanations and justifications requested by the USG/M. (b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying functions assigned in accordance with rule 105.5 or the bank signatory functions assigned in accordance with rule 104.5.	documents establishing the obligation. An approving officer must also verify that payment has not previously been made and that the supporting documents do not have irregularities on their face which indicate that the payment is not properly due; nor shall an approving officer approve a payment if any other information known to him or her would bar the payment. (i) Payments directly related to and not in excess of a recorded obligation which have previously been certified by a certifying officer designated under rule 110.3 shall not require a certification on the invoice; (ii) For payments under $1,000 for which credits did not need to be reserved in advance by the recording of an obligation under the authority of rule 110.5, the supporting documentation indicating that a payment is due must be certified by a certifying officer designated under rule 110.3 before the payment may be approved. (d) In addition to payments authorized under rule 110.23, and notwithstanding paragraph (c) above, the Controller may, when deeming it in the interest of the United Nations so to do, authorize progress payments.	reference in existing rule 108.9 to authorizations to effect payments at other duty stations is also omitted — this is an extension of the approving officer function and as such will be incorporated, where relevant, in the administrative instrument by which the USG/M delegates approving authority. Part (d) of rule 108.9 has been omitted from new rule 105.6 since it is more appropriate to the new rule on payment modalities (see rule 105.19 on advance and progress payments). The delegation of authority has been revised and the essential separation of approving functions from certifying functions as well as bank signatory functions is strengthened by the inclusion of the second sentence in part (b).
Rule 105.7 (a) Apart from the employment of staff against an authorized staffing table and consequential commitments under the Staff Regulations and Rules and allocations made to executing agencies, no undertaking, including by contract, agreement or purchase order, for an amount exceeding $2,500 (or its equivalent in other currencies) shall be entered into until the appropriate credit(s) has (have) been reserved in the accounts. This shall be done through the recording of obligation(s) against which relevant payments or disbursements, made only on fulfilment of contractual and other obligations, shall be recorded as expenditure. An obligation shall be recorded in the accounts as unliquidated during the period set forth in regulation 5.3 and until such point as it is reobligated, liquidated or cancelled in accordance with regulations 5.4 and 5.5, as appropriate. (b) If, in the time that elapses between the establishment of an obligation and the processing of final payment, the cost of the relevant goods or services has, for whatever reason, increased by less than $2,500 (or its equivalent in other currencies) or 10 per cent of the obligation, whichever is lower, no change need be made to the amount of the original obligation. If, however, the increase in costs exceeds $2,500 (or its equivalent in other currencies), the	**Rule 110.5** (a) Apart from the employment of staff under an authorized staffing table, and consequential commitments under the Staff Regulations and Rules, no contract, agreement or undertaking of any nature for an amount exceeding $1,000 shall be entered into until credits have been reserved in the accounts, through the recording of an obligation, to meet any expenditures which may accrue in the financial period. Additionally, unless the amount of the change in the credits reserved exceeds $1,000, no change need be made in the amount previously obligated. In cases where the change exceeds $1,000, the payment is to be made in accordance with a duly certified invoice when the goods have been delivered or services rendered. (b) When an obligation is made in currencies other than United States dollars, it shall be recorded in the accounts in the United States dollar equivalent at the prevailing rate established by the Controller. At the time of payment, where currency fluctuation has resulted in a change in the United States dollar equivalent from the original amount obligated, the Controller shall authorize the difference to be charged or credited to the appropriate account. In such cases, an amendment to the original obligation document is not required.	Based on existing rules 110.5 and 110.7, new rule 105.7 more clearly explains the modalities governing the establishment and revision of obligations. The need to obligate funds allocated to executing agencies is removed as unnecessary and the threshold for the establishment of obligations has been increased from $1,000 to $2,500. The $1,000 threshold was established in 1980 (ST/SGB/Financial Rules/1/Rev.2) and a $2,500 threshold was deemed the most appropriate compromise between inflation-increased requirements and the needs of financial control. The procedures described in part (b) of rule 110.5 are no longer relevant and IMIS permits the raising of obligations in currencies other than the United States dollar. Rule 110.7 is now the last sentence in part (b) of new rule 105.7.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
original obligation must be revised to reflect this increase in requirements and further certification is required. All increases in obligations, including those resulting from currency fluctuations, shall be subject to the same procedures as apply to the incurring of original obligations.	**Rule 110.7** All increases in obligations or proposals for the incurring of expenditures, including increases due to currency fluctuations, shall be subject to the same rules as apply to the incurring of original obligations.	
Rule 105.8 (a) Outstanding obligations must be reviewed periodically by the responsible certifying officer(s). If an obligation is determined to be valid but cannot be liquidated during the period set forth in regulation 5.3, the provisions of regulations 5.4 and 5.5 shall, as appropriate, be applied. Obligations that are no longer valid shall be cancelled from the accounts forthwith and the resulting credit surrendered. (b) When any obligation previously recorded in the accounts is for any reason reduced (other than by payment) or cancelled, the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts.	**Rule 110.9** Outstanding obligations retained against appropriations of the previous financial period in accordance with regulation 4.3 shall be reviewed periodically by the certifying or alternate certifying officers. Obligations reflected in the accounts which, in the opinion of the Controller, are no longer valid obligations shall be cancelled from the accounts forthwith, and the resulting credit surrendered. If the obligation is determined to be valid, it shall be reobligated against the appropriations of the current financial period. **Rule 104.2** In those cases where the legal obligation cannot be liquidated within the time period set forth in regulation 4.3, the procedure under regulation 4.4 shall be followed. This procedure requires the examination of each such obligation in accordance with rule 110.9 before it is cancelled or reobligated against current appropriations. **Rule 110.8** When any obligation previously recorded in the accounts is for any reason decreased (other than by payment) or cancelled, the Controller shall be immediately informed by the appropriate certifying officer, in writing, and the accounts shall be adjusted.	Existing rules 110.9, 104.2 and 110.8 all relate to the review, re-obligation and cancellation of obligations. Rule 110.9, excluding the last sentence repeating part of new regulation 5.4 which has been deleted as unnecessary, is presented in revised form as part (a) of new rule 105.8. Part (a) of new rule 105.8 has been expanded to cover obligations pertaining to current, as well as previous, financial periods. Unnecessary reference to alternate certifying officers has been deleted. Existing rule 104.2 simply repeats the requirements of new regulations 5.3 and 5.4 and part (a) of new rule 105.8 and is therefore unnecessary. Rule 110.8 is now part (b) of new rule 105.8. References to the "opinion" of the Controller, and to the Controller being "immediately informed", in rules 110.9 and 110.8 respectively, are impractical and inconsistent with the authority and responsibility delegated to certifying officers. These requirements have not, therefore, been revised to reflect the authority of the USG/M but have instead been deleted.
Rule 105.9 An obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All obligations must be supported by an appropriate obligating document.	**Rule 104.1** An outstanding legal obligation is to be based on a contract, purchase order, agreement or other form of undertaking by the United Nations or based on a liability recognized by the United Nations, which obligation is supported by an appropriate obligating document. The obligation shall be carried as an unliquidated obligation during the period set forth in regulation 4.3, unless liquidated prior thereto.	Edited and clarified. The last sentence of existing rule 104.1 is reflected in part (a) of new rule 105.7 (where it is more appropriate).

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	Rule 110.10 Central supplies, equipment and other property shall be issued, and central services provided, only against requisitions or orders signed by officials designated by the heads of departments for that purpose.	Deleted as unnecessary: new rule 105.20 pertains to the assignment of authority for property management. The authority (and delegation thereof) of programme managers is not an appropriate subject for the Financial Rules. For financial control purposes, the procedures described in new rules 104.5, 105.3, 105.4, 105.5, 105.6 and 105.20 are sufficient.
	Rule 110.11 Staff or consultants may only be engaged with the written authority of the Assistant Secretary-General for Personnel Services and within the allotments or other limits approved for the purpose.	Deleted as unnecessary (see new regulations 5.1 and 5.9 and new rule 105.3). As per rule 101.1, responsibility for the Financial Rules is delegated to the USG/M. As with the Controller, the Assistant Secretary-General for Human Resources Management may receive a delegation of authority from the USG/M.
	Rule 110.12 The Assistant Secretary-General for Personnel Services, or the officials to whom authority has been delegated, shall be responsible for ensuring that the terms of employment of staff or consultants conform to the terms of the Staff Regulations and Rules.	Deleted as unnecessary. As per rule 101.1, the Assistant Secretary-General for Human Resources Management may receive a delegation of authority from the USG/M. The subject of rule 110.12 is more suitable to the Staff Regulations and Rules than the Financial Regulations and Rules.
Rule 105.10 The payment of reimbursements to Member States, based upon rates and peacekeeping operation budgets approved by the General Assembly, may be made only with the approval of the USG/M.		New rule assigning the authority required to implement new regulation 5.10, based on the format of similar rules: see new rules 104.1 and 104.2.
Rule 105.11 (a) Management and other support services may be provided to Governments, specialized agencies, other international or intergovernmental organizations or in support of activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis as are consistent with the policies, aims and activities of the United Nations as approved by the USG/M. (b) Each management and support services arrangement shall be covered by a written agreement between the United Nations and the entity on whose behalf the services are to be provided. Such agreements shall, inter alia, specify the services which the United	**Rule 114.2** (a) Goods and services may be provided to Governments, specialized agencies, other international or intergovernmental or non-governmental organizations or activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis as may be approved by the Controller. (b) At the request of recip ent Governments, the United Nations may provide, for technical cooperation purposes, management and other support services, including procurement and other financial services, associated with the financing of activities by Governments or intergovernmental governmental organizations.	Existing rule 114.2 was promulgated by memorandum in 1990 (and not as part of ST/SGB/Financial Rules/Rev.3 (1985)). Parts (a) and (b) of rule 114.2 have been simplified and streamlined in new rule 105.11; and revised to reflect the delegation of authority to the USG/M. Part (c) of rule 114.2 has been revised and grouped with the other provisions governing procurement — see rule 105.17.

New Financial Rule	*Existing Financial Rule*	*Explanation*
Nations is to provide in return for full reimbursement to the United Nations of any costs incurred by it in providing these services.	provided that:	
	(i) Such activities shall be consistent with the policies, aims and activities of the United Nations; and	
	(ii) Each such arrangement shall be covered by a written management services agreement between the United Nations and the recipient Government concerned. Such agreements shall, inter alia, specify the services which the United Nations is to furnish and provide in return for full reimbursement to the United Nations of any costs incurred by the Organization in undertaking the provision of those services.	
	(c) Cooperation may, in appropriate cases, be authorized with a United Nations agency, a public international organization, such as a development bank, or with an individual Government, in respect of procurement activities. In these cases the United Nations may be guided by the procurement procedures of the organization or Government concerned.	
Rule 105.12	**Rule 110.13**	
Ex gratia payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the United Nations, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the Board of Auditors not later than three months following the end of the financial period. The personal approval of the USG/M is required for all ex gratia payments.	(a) Ex gratia payments may be made in cases where, although in the opinion of the Office of Legal Affairs there is no legal liability on the United Nations, the moral obligation is such as to make payment desirable in the interest of the Organization.	Part (a) of rule 110.13 is presented in revised form as new rule 105.12. The term "moral" is deleted in order to allow for nuisance payments (i.e. where the cost of defending an arbitration outweighs the payment claimed); the word "desirable" is ambiguous and has also been deleted. Since authority should be delegated to individuals rather than departments, new rule 105.12 refers to the Legal Counsel rather than the Office of Legal Affairs. Parts (b) and (c) of rule 110.13 are omitted from new rule 105.12 since they are inconsistent with the revised delegation of authority to the USG/M (the extent to which the USG/M chooses to delegate authority under new rule 105.12, as per rule 101.1, will be the subject of an alternative administrative instruction). Reference to reporting was added in accordance with the Board of Auditors' recommended revision of new regulation 5.11.
	(b) The personal approval of the USG/M is required for ex gratia payments when:	
	(i) The amount exceeds $5,000; or	
	(ii) The recipient is a staff member of the United Nations receiving a salary equivalent to or higher than that of the lowest level and step of the Professional category.	
	(c) In other cases the USG/M may delegate authority for approval of ex gratia payments.	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
C. Procurement		
		In 1997 (A/51/950 and A/52/534 and Corr.1), 1998 (A/C.5/52/46), 1999 (A/54/157) and 2000 (A/55/127), the Secretary-General pledged to revise the Regulations and Rules governing procurement to simplify and harmonize them (A/51/950) and to make them "clearer, relevant, user-friendly and practical" (A/C.5/52/46), because rigidities in the existing procurement rules were creating "serious difficulties in the procurement process" (A/52/534). In 1998 (A/53/692) and 2000 (A/55/458), the Advisory Committee stated that the Secretariat should submit revised procurement regulations and rules for its review, and in its resolutions 52/226 and 54/14, the Assembly requested the Secretary-General to submit proposals on possible amendments to those regulations and rules. Prepared by the inter-agency Task Force on Common Services (see A/55/461, A/52/534 and Corr.1 and A/C.5/52/46), the new harmonized and simplified regulations and rules governing procurement place greater emphasis on the overall guiding principles for procurement (see new regulation 5.12) while providing greater authority for the Chief Procurement Officer (the USG/M in the case of the Secretariat) to develop specific procurement procedures. They also incorporate the concept of value for money and facilitate the use of common procurement arrangements, enabling the Secretariat, for example, to draw upon other organizations' procurement and service contracts and initiatives (A/55/461). Further details as to the reasons for and objectives of the reform of United Nations procurement regulations and rules can be found in the above-referenced documentation. The procurement regulations and rules prepared by the inter-agency Task Force on Common Services have been presented to, and where appropriate approved by, the Executive Boards of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services after review by the Advisory Committee (see DP/2000/7 and DP/FPA/2000/5). These regulations and

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
		rules, comprising new regulation 5.12 and new rules 105.13 to 105.18, have been integrated, with the requisite minor adjustments, into the revised Financial Regulations and Rules of the United Nations (for equivalent UNDP provisions see regulation 21.02 and rules 121.01 to 121.06 in document DP/2000/4). New regulation 5.12 and new rules 105.13 to 105.18 replace existing rules 110.16 to 110.22 and 110.24. Existing rules 110.16 to 110.22 and 110.24 inappropriately include operational details: procedures, practices and secondary delegations of authority. Since rules should consist only of provisions that define regulation-relevant policies and assign primary authority, alternative administrative instruments will be used to promulgate these procedures and practices and to assign authority, where appropriate (to responsible managers, for example, in the United Nations Offices in Geneva, Vienna and Nairobi, the regional commissions, peacekeeping missions and International Tribunals). From an operational and control perspective, it is important to distinguish procedures, processes and practices from the policies and principles upon which they are based. From a practical standpoint, the former are also subject to more frequent changes than the latter.
Rule 105.13	**Rule 110.16**	
(a) No procurement contract shall be entered into on behalf of the United Nations except by the USG/M. The USG/M is responsible for the procurement functions of the United Nations, shall establish all United Nations procurement systems and shall designate the officials responsible for performing procurement functions.	(a) Contracts for the purchase, rental or sale of services, supplies, equipment or other requirements shall be entered into on behalf of the United Nations only by officials duly authorized for the purpose. Purchasing, renting or selling activities include, in addition to entering into contracts, the invitation of proposals or tenders and the negotiation with potential suppliers or purchasers on the basis of detailed specifications.	New rule 105.13 replaces existing rules 110.16 and 110.17.
(b) The USG/M shall establish review committees, at Headquarters and other locations, to render written advice to the USG/M on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders and contracts that involve income to the United Nations. The USG/M shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.	(b) Unless otherwise directed by the Secretary-General, the USG/AM or officials duly authorized by the USG/AM shall be responsible for purchasing, renting or selling activities on behalf of the Organization, provided that: (i) The Directors-General or officials duly authorized by them shall be responsible for purchasing, renting or selling	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
(c) Where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the USG/M decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.	activities relating to their respective offices in respect of the United Nations Office at Geneva, the United Nations Office at Nairobi and the United Nations Office at Vienna; (ii) The Executive Directors or officials duly authorized by them shall be responsible for purchasing, renting or selling activities relating to their respective offices in respect of the United Nations Environment Programme and the United Nations Centre for Human Settlements; (iii) The Executive Secretaries of the United Nations regional commissions (except the Economic Commission for Europe) or officials duly authorized by them shall be responsible for purchasing, renting or selling activities relating to their respective offices, subject to the limits provided in clauses (e) (i) and (ii) of rule 110.17. **Rule 110.17** (a) There shall be established a committee on contracts at United Nations Headquarters to render written advice to the Assistant Secretary-General for Central Support Services or such other officials authorized under rule 110.16, on: (i) All contracts to be entered into which involve commitments to a single contractor in respect of a single requisition or a series of related requisitions totalling over $200,000. (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of $20,000 or more, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to $20,000 or more, except that contractual arrangements resulting from the recommendations of the Property Survey Board shall not be referred to the Committee on Contracts; (iii) Proposals for renewal of contracts previously reviewed by the Committee, proposals for modification of contracts previously reviewed by the Committee where any contract amendment or series of amendments, in aggregate, either has a gross value of over $200,000 or would increase or decrease the amount of the contract as previously recommended by the Committee by more than 20 per cent and proposals for modification of contracts previously reviewed by the	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	Committee where, in the judgement of the contracting officer, the significance of the amendment in relation to the criteria on which the original award was made would have significantly affected the procurement process; (iv) Such other matters as may be referred to the Committee by the Assistant Secretary-General for Central Support Services or such other officials authorized under rule 110.16. (b) The composition of the Headquarters Committee and its terms of reference shall be determined by the Secretary-General. (c) There shall be established local Committees on Contracts, similar to the one at United Nations Headquarters, at the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme and the United Nations Centre for Human Settlements, the respective headquarters of the United Nations regional commissions (except the Economic Commission for Europe), the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and peacekeeping missions. The composition of each local Committee shall be determined by the head of office concerned in consultation with the Secretary-General. (d) The local Committees on Contracts at the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme and the United Nations Centre for Human Settlements shall render written advice to the respective heads of office on: (i) All contracts to be entered into which involve commitments to a single contractor in respect of a single requisition or a series of related requisitions totalling over $150,000. (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of $20,000 or more, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to $20,000 or more, except that contractual arrangements resulting from the recommendations of the local Property Survey Board shall not be referred to the Committee on Contracts;	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	(iii) Proposals for renewal of contracts previously reviewed by the Committee, proposals for modification of contracts previously reviewed by the Committee where any contract amendment or series of amendments, in aggregate, either has a gross value of over $150,000 or would increase or decrease the amount of the contract as previously recommended by the Committee by more than 20 per cent and proposals for modification of contracts previously reviewed by the Committee where, in the judgement of the contracting officer, the significance of the amendment in relation to the criteria on which the original award was made would have significantly affected the procurement process; (iv) Such other matters as may be referred to the Committee by the head of office concerned. (e) The local Committees on Contracts at the headquarters of the United Nations regional commissions, the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and peacekeeping missions shall render written advice to the respective Executive Secretaries, the Registrars and the heads of the respective peacekeeping missions on: (i) All contracts for the purchase or rental of services, supplies, equipment or other requirements involving commitments in respect of a single requisition or a series of related requisitions exceeding $50,000 but less than $200,000. All contracts above $200,000 shall be referred to the Committee on Contracts at United Nations Headquarters; (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization exceeding $5,000 but less than $10,000, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year is an amount exceeding $5,000 but less than $10,000, except that (a) all contracts involving income to the Organization in excess of $10,000 shall be referred to the Headquarters Committee on Contracts and (b) contractual arrangements resulting from the recommendations of the Property Survey Board shall not be referred to the Committee on Contracts; (iii) Proposals for modification or renewal of contracts previously reviewed by the Committee;	

New Financial Rule	*Existing Financial Rule*	*Explanation*
	(iv) Such other matters as may be referred to the Committee by the Executive Secretary concerned. (f) The Assistant Secretary-General for Central Support Services, in consultation with the Controller, may authorize the establishment of a local committee on contracts at a location other than the ones specified in (c) above. (g) Where, under the preceding provisions of this rule, the advice of the Headquarters Committee on Contracts (or of the appropriate local committee) is required to be sought, no commitment may be entered into before such advice is received. In cases where the Assistant Secretary-General for Central Support Services or such other official authorized under rule 110.16 decides not to accept the advice of the Committee, he or she shall record in writing the reasons for that decision.	
Rule 105.14 Consistent with the principles set out in regulation 5.12 and except as otherwise provided in rule 105.16, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include: (a) Acquisition planning for developing an overall procurement strategy and procurement methodologies; (b) Market research for identifying potential suppliers; (c) Consideration of prudent commercial practices; (d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation, such as requests for quotations. The USG/M shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used; (e) Public bid openings.	**Rule 110.18** Except as provided in rule 110.19, contracts for the purchase or rental of services, supplies, equipment and other requirements shall be let after competitive bidding or calling for proposals. Tenders shall be invited by advertising through publication or distribution of formal invitations to bid, provided that in cases where the nature of the work involved precludes invitation of tenders and where proposals are called, a comparative analysis of such proposals shall be kept on record. **Rule 110.20** All bids shall be publicly opened at the time and place specified in the invitation to bid and an immediate record made thereof.	New rule 105.14 replaces existing rules 110.18 and 110.20.
Rule 105.15 (a) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the lowest cost to the United Nations.	**Rule 110.21** Contracts shall be awarded to the lowest acceptable bidder, due consideration being given to the utilization of currencies available to the Organization and which require special management, provided that where the interests of the Organization so require, all bids may be rejected. In the latter	New rule 105.15 replaces existing rule 110.21.

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
(b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.	instance, the Assistant Secretary-General for Central Support Services or such other official authorized under rule 110.16 shall record in writing the reasons for rejection of the bids and determine whether to invite new competitive tenders or enter into a negotiated contract.	
(c) The USG/M may, in the interest of the United Nations, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The USG/M shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to rule 105.16 or to terminate or suspend the procurement action.		
Rule 105.16	**Rule 110.19**	
(a) The USG/M may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations:	Contracts may be awarded without calling for proposals, advertising or formal invitations to bid when:	New rule 105.16 replaces existing rule 110.19. Part (a) (vi) has been strengthened in accordance with a recommendation of the Board of Auditors.
(i) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;	(a) The proposed contract involves commitments of up to $25,000 in the case of United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme and the United Nations Centre for Human Settlements, and $20,000 in the case of the United Nations regional commissions, the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and peacekeeping missions, provided that the award is made after an assessment of competitive quotations, based on conformity with specifications, delivery schedules and prices or comparative prices, where available;	
(ii) When there has been a previous determination or there is a need to standardize the requirement;	(b) The prices or rates are fixed pursuant to national legislation or by regulatory bodies;	
(iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to rule 105.17;	(c) A standardization of supplies or equipment has been approved on the advice of the Committee on Contracts which renders competition impracticable;	
(iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;	(d) The exigency of the service does not permit the delay attendant upon the issue of invitations to bid or the calling for proposals;	
(v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;	(e) The contract relates to the purchase of proprietary articles or perishable supplies;	
(vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition;	(f) The proposed contract relates to professional services other than staff services;	
(vii) When there is an exigency for the requirement;		
(viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively;		
(ix) When the USG/M otherwise determines that a formal solicitation will not give satisfactory results;		

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
(x) When the value of the procurement is below the monetary threshold established for formal methods of solicitation.	(g) The proposed contract relates to medicines, medical supplies, hospital or surgical supplies or prosthetic appliances;	
(b) When a determination is made pursuant to subparagraph (a) above, the USG/M shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation, or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.	(h) The Assistant Secretary-General for Central Support Services or such other official authorized under rule 110.16 determines that competitive bidding or calling for proposals will not give satisfactory results. In such cases, appropriate reasons shall be recorded in writing.	
Rule 105.17		
(a) The USG/M may cooperate with other organizations of the United Nations system to meet the procurement requirements of the United Nations, provided that the regulations and rules of those organizations are consistent with those of United Nations. The USG/M may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together, or the United Nations entering into a contract in reliance on a procurement decision of another United Nations organization, or requesting another United Nations organization to carry out procurement activities on behalf of the United Nations.		Except for the limited co-operation possible in accordance with part (c) of existing rule 114.2, there is no equivalent provision in the existing Financial Regulations and Rules.
(b) The USG/M may, to the extent authorized by the General Assembly, cooperate with a government, non-governmental organization, or other public international organization, in respect of procurement activities, and, as appropriate, enter into agreements for such purposes.		
Rule 105.18	**Rule 110.22**	
(a) Written procurement contracts shall be used to formalize every procurement for a monetary value over specific thresholds established by the USG/M. Such arrangements shall, as appropriate, specify in detail:	(a) Written contracts or written purchase orders for goods and services shall be established, as appropriate, for every purchase from a single contractor or vendor in the following amounts:	New rule 105.18 replaces existing rules 110.22 and 110.24. Part (a) (v) has been strengthened in accordance with a recommendation of the Board of Auditors.
(i) The nature of the products or services being procured;	(i) In the case of United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme and the United Nations Centre for Human Settlements, and the United Nations regional commissions (except the Economic Commission for Europe), an aggregate amount of $2,500 or more for one or more items;	
(ii) The quantity being procured;		
(iii) The contract or unit price;		
(iv) The period covered;		
(v) Conditions to be fulfilled, including the United Nations general conditions of contract and implications for non-delivery;		

New Financial Rule	*Existing Financial Rule*	*Explanation*
(vi) Terms of delivery and payment; (vii) Name and address of supplier. (b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before using any electronic means of data interchange the USG/M shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.	(ii) In the case of other offices or groups of offices away from Headquarters, such amounts as may be prescribed by the Assistant Secretary-General for Central Support Services in consultation with the Controller. (b) Written contracts and purchase orders shall specify in detail: (i) In the case of supplies or equipment, the exact description of the goods, the quantity required, the price of each article, the conditions of delivery and the terms of payment; (ii) In the case of services other than staff services, the nature of the services, the period covered, the conditions of fulfilment, the amount and terms of payment. (c) The USG/AM or such other officials authorized under rule 110.16, in agreement with the USG/AM, may waive the requirements of any part of this financial rule in certain cases, such as supplies for the maintenance of buildings, where one "blanket" purchase order might be issued covering a variety of items. In the event of such a waiver, a written record shall be established to ensure that: (i) The vendor and purchaser are in agreement as to what is being purchased; (ii) An itemized record of sale and receipt is prepared at the time of delivery; (iii) Payment is based on the itemized record of sale and receipt referred to in (ii) above. **Rule 110.24** Each determination or decision required of an authorized purchasing officer by the provisions of these rules shall be supported by the written findings of such officer. These written findings shall be placed in the appropriate case file maintained by the responsible department or office. In cases involving $2,500 or more, they shall also accompany the related obligating documents submitted to the Controller.	

New Financial Rule	*Existing Financial Rule[2]*	*Explanation*
Rule 105.19 (a) Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded. (b) In addition to subparagraph (a) above, and notwithstanding rule 105.2, the USG/M may, where necessary, authorize progress payments.	**Rule 110.23** Except where normal commercial practice or the interest of the United Nations so requires, no contract or purchase order shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of goods or performance of contractual services. Whenever an advance payment is agreed to, the reasons therefore shall be recorded.	Part (a) of new rule 105.19 consists of existing rule 110.23. Part (b) of new rule 105.19 was formerly part (d) of existing rule 108.9 (it is more appropriate here).
D. Property management		
Rule 105.20 (a) The USG/M is responsible for the management of the property of the United Nations, including all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions. (b) A summary statement of non-expendable United Nations property shall be provided to the Board of Auditors not later than three months following the end of the financial period.	**Rule 110.25** (a) Complete and accurate records shall be maintained of supplies, equipment and other property purchased, received, issued, sold or otherwise disposed of, and remaining on hand. Such records shall be maintained both for Headquarters and for offices away from Headquarters and shall show separately supplies, equipment and other property belonging to the United Nations and/or entrusted to the charge of the United Nations. (b) The Assistant Secretary-General for Central Support Services, in consultation with the Controller, shall determine the articles for which the records shall be maintained and shall establish the nature and extent of the records in compliance with the purpose of these Rules. Where property is of a kind used and/or administered by only one department, the Assistant Secretary-General for Central Support Services may delegate the responsibility for the maintenance of such records to the head of that department. (c) Responsibility for the maintenance of property records shall: (i) In the case of the United Nations Office at Geneva, the United Nations Office at Vienna and the United Nations Office at Nairobi, rest with the respective Director-General; (ii) In the case of the United Nations Environment Programme and the United Nations Centre for Human Settlements, rest with the respective Executive Director;	Existing rules 110.25 to 110.31 inappropriately include operational details: procedures, processes, practices and secondary delegations of authority. New rule 105.20 provides greater authority to the USG/M to develop and manage specific United Nations property management procedures, processes and practices. Since rules should include only those provisions that define regulation-relevant policies and assign primary authority, alternative administrative instruments will be used to promulgate these procedures, processes and practices and to assign secondary authority, where appropriate (to responsible managers, for example, in the United Nations Offices in Geneva, Vienna and Nairobi, the regional commissions, peacekeeping missions and international criminal tribunals). From an operational and control perspective, it is important to distinguish procedures, processes and practices from the regulation-relevant policies, principles and authority upon which they are based. From a practical standpoint, the former are also subject to more frequent changes than the latter. Furthermore, prior to editing and revision, part (b) of new rule 105.20 was part (a) of existing rule 111.10; this provision is more appropriately reflected under property management than article VI, Accounting.

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
	(iii) In the case of the United Nations regional commissions (except the Economic Commission for Europe), rest with the respective Executive Secretary; (iv) In the case of all other field offices and of United Nations Headquarters, rest with the Assistant Secretary-General for Central Support Services. (d) The Assistant Secretary-General for Central Support Services and/or such other officials authorized under rule 110.16 shall, as appropriate, arrange to designate the officials responsible for the maintenance of property records and the officials accountable for the property. **Rule 110.26** Physical inventories shall be taken of supplies, equipment or other property of the United Nations or entrusted to the charge of the United Nations at such intervals as deemed necessary to ensure adequate control over such property. The responsibility for ensuring conduct of such physical inventories and selection of items to be inventoried will be that of the Assistant Secretary-General for Central Support Services and such other officials authorized under rule 110.16. Where property is of a kind used and/or administered by only one department, the Assistant Secretary-General for Central Support Services may, at his or her discretion, delegate responsibility for making arrangements for the conduct of physical inventories to the head of that department. **Rule 110.27** All supplies, equipment or other property received by the Organization shall immediately be inspected to ensure that their condition is satisfactory and in accordance with the terms of the related purchase contract. A receiving report shall be issued for all items received and they shall immediately be entered into the appropriate property records. **Rule 110.28** Supplies, equipment and other property shall be issued only to officials authorized to indent for them under rule 110.10. Procedures for the preparation and disposal of such indents as well as scales for the issue of supplies, equipment and other property may be prescribed by the Assistant Secretary-General for Central Support Services and/or such other officials authorized under rule 110.16.	

New Financial Rule	*Existing Financial Rule*[a]	*Explanation*
	Rule 110.29 The issue to individuals of equipment or other property for their use (e.g., tools, cameras etc.) shall be recorded in the property records as "issued on loan". The records shall be supported by a receipt from the individual concerned, and such receipts shall be renewed every year. In case the individual is transferred to another department or is separated from the service, the property shall be returned to stock and the loan record cancelled.	
	Rule 110.30 Issues of supplies, equipment or other property from one department to another which are not expected to be returned shall be transferred from the records of the issuing department to the records of the receiving department. In such cases, the latter shall provide a receipt to support the records of the issuing department. Where there is an expectation of an eventual return of the item to the issuing department, it will be shown as "issued on loan" in the records of the issuing department and as "received on loan" in the records of the receiving department.	
	Rule 110.31 All transactions related to supplies, equipment or other property shall be recorded, and these records shall be supported by appropriate vouchers or evidence of receipt and issue, except for such items where the maintenance of detailed records is deemed to be uneconomical or impractical by the Assistant Secretary-General for Central Support Services and the Controller.	
Rule 105.21 (a) The USG/M shall establish Property Survey Boards for headquarters and other locations to render written advice to him or her in respect of loss, damage or other discrepancy regarding the property of the United Nations. The USG/M shall establish the composition and terms of reference of such boards, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action in accordance with rules 105.22 and 105.23 and the degree of responsibility, if any, attaching to any official of the United Nations or other party, for such loss, damage or other discrepancy. (b) Where the advice of a Property Survey Board is required, no final action in respect of United Nations property loss, damage or	**Rule 110.32** (a) There shall be established a property survey board at United Nations Headquarters. The composition of the Board and its terms of reference shall be determined by the Secretary-General. (b) Shortages and overages of and damages to supplies, equipment or other property which come to light at United Nations Headquarters as the result of stock-taking, inventory-check or other means shall be notified immediately by the responsible official to the Assistant Secretary-General for Central Support Services and the Controller through the Secretary of the Property Survey Board.	Existing rules 110.32, 110.33 and 110.34 define the terms of reference of three categories of Property Survey Board. These rules contain numerous operational details similar to those referred to above: they are inappropriate as rules and will be promulgated in alternative administrative instruments. New rule 105.21 provides greater authority to the USG/M to establish property survey boards for Headquarters and other locations and to establish the composition and terms of reference of such boards. The form of new rule 105.21 is compatible with new rule 105.13 (b)

New Financial Rule	*Existing Financial Rule**	*Explanation*
other discrepancy may be taken before such advice is received. In cases where the USG/M decides not to accept the advice of such a Board, he or she shall record in writing the reasons for that decision.	(c) Property which becomes surplus to operating requirements or unserviceable through obsolescence or normal wear and tear shall be reported by the responsible official to the Secretary of the Property Survey Board. (d) The Property Survey Board shall investigate and report upon: (i) The cause of any shortages and overages of and damages to supplies, equipment or other property and the action to be taken thereon; (ii) The disposal of supplies, equipment or other property which has become surplus to the operating requirements of the Organization or unserviceable through obsolescence or normal wear and tear; (iii) Claims from Governments for loss of or damage to contingent-owned equipment in accordance with terms of reference determined by the Secretary-General. (e) The recommendations of the Headquarters Property Survey Board shall, in each instance, indicate the degree of responsibility, if any, attaching to any official of the Organization for shortages, overages or damages. (f) The recommendations of the Headquarters Property Survey Board shall be submitted to the Assistant Secretary-General for Central Support Services and the Controller for their approval. Where they do not agree with any recommendation of the Board, they shall record their views in writing and may request the Board to reconsider its recommendations. **Rule 110.33** (a) There shall be established local Property Survey Boards with terms of reference similar to those of the Board at United Nations Headquarters, at the United Nations Office at Geneva, the United Nations Industrial Development Organization the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme, the United Nations Centre for Human Settlements, the respective headquarters of the United Nations regional commissions (except the Economic Commission for Europe), the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and at the peacekeeping missions. The composition of the respective local Boards and their terms of reference shall be determined by the head of office concerned in consultation with the Secretary-General.	and (c) regarding contracts committees.

New Financial Rule	*Existing Financial Rule*[2]	*Explanation*
	(b) The recommendations of each of these local Boards shall be submitted to the head of the office concerned for final approval, with the proviso that any surcharges proposed to be made in accordance with rule 110.15 (b) shall be submitted to the Controller for final determination. In the event of disagreement with any recommendation in the Board's report, the head of office shall record his or her views in writing and may request the Board to reconsider any or all of its recommendations. (c) Copies of the recommendations of the local Property Survey Boards referred to in this rule shall be furnished to the Secretary of the Property Survey Board at United Nations Headquarters, who may bring any of these to the attention of the Assistant Secretary-General for Central Support Services and the Controller. **Rule 110.34** (a) At offices away from United Nations Headquarters other than those specified in rule 110.33, the Assistant Secretary-General for Central Support Services, in consultation with the Controller, may authorize the establishment of local Property Survey Boards to undertake functions similar to those discharged by the Property Survey Board at United Nations Headquarters. (b) Where a local Property Survey Board is established, the Assistant Secretary-General for Central Support Services and the Controller shall authorize the local head of office concerned to act on their behalf in respect of its recommendations. The instrument of delegation shall prescribe the conditions under which the authority is to be exercised and shall provide that a report of the action taken locally is to be made to the Property Survey Board at United Nations Headquarters. (c) At locations where no Property Survey Board has been established the local head of office shall report shortages, overages of and damages to supplies, equipment or other property to the Secretary of the Property Survey Board at United Nations Headquarters.	
Rule 105.22 Sales of supplies, equipment or other property declared surplus or unserviceable shall be based on competitive bidding, unless the relevant Property Survey Board: (a) Estimates that the sales value is less than an amount to be specified by the USG/M;	**Rule 110.35** Sales of supplies, equipment or other property declared surplus or unserviceable following a recommendation by a Property Survey Board shall be made after competitive bidding, provided that resort to competitive bidding is not necessary when:	Updated and simplified. The United States dollar value reflected in part (a) of existing rule 110.35 is omitted from new rule 105.22; the authority to establish and revise this threshold, by alternative administrative instruction, is delegated to the USG/M. For reasons explained

New Financial Rule	*Existing Financial Rule*	*Explanation*
(b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization; (c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected; (d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property; (e) Determines that the interests of the United Nations will be served by disposal by gift or by sale at nominal prices to an intergovernmental organization, a Government or governmental agency or some other non-profit organization.	(a) The estimated sales value is, in the opinion of the Board, less than $2,500; (b) The best interest of the United Nations will be served by sale at fixed unit prices approved by the Board; (c) The exchange of property in partial or full payment for replacement equipment or supplies will, in the opinion of the Board, be in the interest of the Organization; (d) The destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property; (e) The interests of the United Nations will be served by disposal by gift or at nominal prices to an intergovernmental organization, a Government or government agency or some other non-profit organization.	above, this is not appropriate to the rules (financial control and/or local economic conditions may also mean that some flexibility as regards this threshold is desirable). Part (b) of rule 110.35 is deleted as unnecessary. Part (c) of new rule 105.22 contains a new and self-explanatory provision.
Rule 105.23 Except as provided for in rule 105.22, property shall be sold on the basis of payments made on or before delivery.	**Rule 110.36** (a) Except as provided in rule 110.35 (c), sales of United Nations property shall be on the basis of cash payments on or before delivery. (b) Exceptions to this rule may be authorized in writing by the Controller when this is in the interest of the Organization. A log shall be maintained of such exceptions.	Part (a) of existing rule 110.36 is retained as new rule 105.23 — revised to recognize that modern modes of payment make it unnecessary to insist upon cash payments. The granting of exceptions to all rules is covered by rule 101.1; part (b) of rule 110.36 is therefore unnecessary.
	Rule 110.38 There shall be established a publications board, the composition of which shall be determined by the Secretary-General. **Rule 110.39** The Publications Board shall: (a) Determine the policies governing the preparation, production, distribution and sale of documents; (b) Coordinate the planning and supervise the execution of the publications programme, the preparation of the estimates for contractual printing and the use of funds; (c) Regulate the use of internal reproduction capacity with a view to ensuring maximum economy and efficiency.	Existing rules 110.38, 110.39 and 110.40 are unnecessary and have been deleted. Funds for publications are subject to the same Financial Regulations and Rules as apply to other funds. The establishment, composition, terms of reference and authority of the Publications Board do not need to be included in the rules (i.e. a publications board is not required by regulation and publications do not require special financial controls). If necessary, these details will be the subject of alternative administrative instruments.

New Financial Rule	*Existing Financial Rule**	*Explanation*
	Rule 110.40 Each head of department shall be responsible for adherence to the policies and procedures prescribed by the Publications Board.	
	Rule 110.41 The Internal Audit Division shall conduct independent audits in conformity with generally accepted common auditing standards. The Division shall review, evaluate and report on the soundness, adequacy and application of systems, procedures and related internal controls. The audits shall encompass the following elements: (a) Compliance — a review of financial transactions to determine whether they are in compliance with General Assembly resolutions, financial and staff regulations and rules, and administrative instructions; (b) Economy and efficiency — an appraisal of the operational efficiency and economy with which financial, physical and human resources are utilized; (c) Effectiveness — a review of programmes and activities financed from regular and extrabudgetary resources to compare implementation of output with the commitments set out in the programme narratives in the approved programme budget.	In the existing Financial Regulations and Rules, internal audit was presented as a rule. On 29 July 1994, the General Assembly adopted resolution 48/218 B endorsing the relevant provisions of the Financial Regulations and Rules governing internal audit. Since internal audit is now the subject of an Assembly resolution, existing rule 110.41 (which can no longer be amended or waived by the Secretary-General — see new rule 101.1) has been amended in the light of resolution 48/218 B and is now presented as new regulation 5.15.
Article VI. Accounting		
Rule 106.1 In accordance with regulations 6.1 and 6.2, the principal accounts of the United Nations shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of: (a) Programme budget accounts showing: (i) Original appropriations; (ii) Appropriations as modified by transfers; (iii) Credits (other than appropriations made available by the General Assembly);	**Rule 111.2** The principal accounts shall consist of: (a) Programme budget accounts, showing: (i) Original appropriations; (ii) Appropriations after modification by any transfers between sections; (iii) Credits, if any, other than appropriations made available by the General Assembly; (iv) Allotments made; (v) Obligations outstanding;	Revised to more clearly address accounts for all United Nations funds. Edited, simplified and tied more closely to new regulations 6.1 and 6.2. New rule 106.1 also reflects current practice as per the requirements of the Board of Auditors.

New Financial Rule	*Existing Financial Rule*	*Explanation*
(iv) Expenditures, including payments and other disbursements and unliquidated obligations; (v) Unencumbered balances of allotments and appropriations; (b) Peacekeeping operations with special accounts; (c) General ledger accounts showing all cash at banks, investments, receivables and other assets, payables and other liabilities; (d) The Working Capital Fund and its sub-funds and all trust funds or other special accounts.	(vi) Expenditures (including disbursements and unliquidated obligations); (vii) Unencumbered balances of allotments and appropriations. (b) General ledger accounts, showing for the General Fund all cash at banks, investments, receivables and other assets, payables and other liabilities. (c) Separate accounts for the Working Capital Fund and its sub-funds, and for any trust funds or special accounts which may be established. (d) Such records as will provide for a statement of assets and liabilities for the General Fund, the Working Capital Fund and for any other trust fund or special account at 31 December of each calendar year of the financial period.	
	Rule 111.3 The Controller may require the maintenance of subsidiary accounting records, including property accountability records, subject to such controlling accounts as deemed necessary.	Deleted as unnecessary: the authority to maintain subsidiary accounting records (where necessary) is covered by new regulation 6.1 and new rule 106.2. Property records are covered by new rule 105.20.
Rule 106.2 Responsibility for the accounts is assigned to the USG/M, who shall establish all United Nations accounting systems and designate the officials responsible for performing accounting functions.	**Rule 111.1** The Controller is responsible for the policies with respect to the financial operations of the Organization. The Controller shall prescribe and maintain the financial records and shall review and approve all financial systems and the major financial procedures of the Organization, including those in respect of offices away from Headquarters. The Controller shall designate the financial officers responsible for performing significant financial duties. Where this is not feasible, the concurrence of the Controller in such designations or appointments shall be required.	Edited, simplified and revised to reflect the authority of the USG/M and the need for this rule to focus on accounts and accounting.
Rule 106.3 Unless otherwise directed by the USG/M, or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the United Nations system accounting standards.	**Rule 111.8** Financial transactions shall be recorded in the accounts on an accrual basis, except as may be otherwise required by the terms of any trust fund or special account or may be authorized by the Controller.	Edited and revised to reflect the authority of the USG/M; reference to United Nations system accounting standards has been added at the request of the Board of Auditors.

New Financial Rule	*Existing Financial Rule**	*Explanation*
Rule 106.4 At Headquarters, accounts shall be maintained in United States dollars. At offices away from Headquarters, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the United States dollar equivalent.	**Rule 111.5** The accounts of the United Nations shall be maintained in United States dollars, provided that at offices away from Headquarters accounts may also be maintained in the currency of the country in which they are situated. Unless otherwise authorized, where actual cash is held in a currency other than the currency in which the accounts are kept, the amount shall be recorded both in local currency and the equivalent in United States dollars converted at the rate of exchange established under rule 111.6.	Edited and simplified. The second sentence in new rule 106.4 also applies to holdings of cash, which as per new rule 104.8 are maintained on an imprest system (i.e. as imprest accounts).
Rule 106.5 (a) The USG/M shall establish the operational rates of exchange between the United States dollar and other currencies. The operational rates of exchange shall be used for the recording of all United Nations transactions. (b) Payments in currencies other than the United States dollar will be determined on the basis of the operational rate of exchange prevailing at the time of payment. Any difference between the actual amount received on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange. (c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited to miscellaneous income.	**Rule 111.6** (a) The Controller shall establish the rates of exchange between the United States dollar and other currencies, which shall be used for the recording of all United Nations transactions. (b) (i) Where there is a conversion of United States dollars into local currency (or vice versa), the actual amounts obtained shall be taken into account, any difference between that amount and the amount which would have been obtained at the official rate of exchange under (a) above will be accounted for as a loss or gain on exchange. (ii) Where a third currency is involved, the local currency obtained by the conversion of the second currency shall be taken into account at the rate in (a) above, and any difference as a loss or gain on exchange. Where an exchange rate for the third currency has not been established, it shall be calculated by applying the cross-rate with the second currency. (c) On the closing of the accounts for the financial period, the balance in the account for "loss or gain on exchange" shall be debited to the budget account if there is a net loss; if there is a net profit, profit shall be credited to miscellaneous income.	Edited, clarified and revised to reflect the authority of the USG/M. Part (b) (ii) of existing rule 111.6 is deleted as unnecessary since it is covered by the second sentence in part (b) of new rule 106.5.
	Rule 111.7 (a) A budget (allotment) account shall be charged with actual disbursements and obligations entered into against contracts for supplies or services. Obligations shall be liquidated and converted to actual disbursements on fulfilment of the contract for supplies and services.	Deleted as unnecessary: part (a) is covered by new rule 105.7; part (b) is covered by new regulation 6.1; part (c) is covered by new rule 105.8.

New Financial Rule	*Existing Financial Rule**	*Explanation*
	(b) At the end of the first calendar year of the financial period, any uncommitted balance of appropriations shall be shown in the accounts, in accordance with regulation 11.1.	
	(c) At the end of the financial period, the current unliquidated obligations, as well as those required to be reviewed periodically by Certifying Officers under rule 110.9 for the previous financial period, shall be reviewed by the appropriate Certifying Officer, in consultation with the Controller, and either cancelled or reobligated in the ensuing financial period in accordance with regulation 4.3.	
Rule 106.6	**Rule 110.37**	
The proceeds from the sale of property shall be credited as miscellaneous income except:	(a) The proceeds from the sale of property shall be credited as miscellaneous income to the regular budget, trust fund or special account, except:	Edited, updated and revised in accordance with new rule 105.22 and new regulation 5.14.
(a) Where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);	(i) Where a Property Survey Board has, under rule 110.35 (c), recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies, any balance shall be credited as miscellaneous income to the regular budget, trust fund or special account; or	
(b) When the trade-in of property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property;	(ii) The trade-in of property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property; or	
(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;	(iii) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage, the Controller may authorize the crediting of these proceeds to the account or accounts from which procured.	
(d) When the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project, provided that they have not been closed;		
(e) When equipment is transferred from one project for use in another and the accounts of the releasing project are open, the fair market value of such equipment shall be credited to the accounts of the releasing project and charged to the accounts of the project receiving the equipment;		
(f) Where the alternative modalities governing the disposition of assets of peacekeeping operations outlined in regulation 5.14 apply.		
	Rule 114.3	
	(a) Where the supply of such goods and services is of a regular and continuing nature, except where reciprocal arrangements have been made with the approval of the Controller, the	Existing rule 114.3 was promulgated by memorandum in 1990 (and not as part of ST/SGB/Financial Rules/1/Rev. 3 (1985)) and

New Financial Rule	Existing Financial Rule	Explanation
	programme budget of the Organization shall include provision both for the supply of such goods and services and for any revenue therefrom. In such cases, the cost of the goods and services shall be charged to the regular budgetary appropriations and the revenue credited to miscellaneous income. (b) In the absence of budgetary provision, the expenditure shall, with the agreement of the Controller, be charged against the deposit which shall have been required from the party concerned, provided that, in special circumstances, particularly in the case of Governments or of specialized agencies, the Controller may authorize the expenditures to be initially charged to a deferred charge account pending recovery from the party concerned. (c) Separate accounts shall be maintained to record all financial transactions relating to management services agreements. The balances of such accounts shall be reported in the United Nations financial statements under accounts payable. Any interest earned on funds held shall be credited to the respective management services accounts. The amounts included in the agreement for reimbursement of costs to the United Nations shall be charged to the related management services account and credited to the United Nations account as extrabudgetary programme support income.	provides for special accounting arrangements in respect of management services agreements (see new rule 105.11). This rule is not regulation-relevant and has been deleted. Management services agreements do not need special accounting arrangements since they are subject to the same accounting regulations and rules as other United Nations activities.
Rule 106.7 Obligations established prior to the financial period to which they pertain, pursuant to regulation 5.7 and rule 105.2, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.	**Rule 104.3** In instances where legal obligations exist at the end of a financial period which result from authority to enter into commitments granted under rule 110.6 (a), the commitments shall be charged to a deferred charge account. The deferred charge shall, in turn, be transferred to the appropriate account when the necessary appropriation or funds become available.	Edited and clarified.
Rule 106.8 (a) The USG/M may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts and notes receivable deemed to be irrecoverable. A summary statement of losses of cash and receivables shall be provided to the Board of Auditors not later than three months following the end of the financial period. (b) The investigation shall, in each case, fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses shall be made by the USG/M.	**Rule 110.14** (a) The Controller may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts receivable and notes receivable deemed to be irrecoverable, except that the writing-off of amounts in excess of $10,000 shall require the approval of the Secretary-General. (b) The investigation shall, in each case, fix the responsibility, if any, attaching to any official of the United Nations for the loss. Such official may be required to reimburse the loss either partially or in full.	Revised to reflect the authority of the USG/M to authorize all required write-offs and make the final determination as regards all surcharges to be made against staff members or others as the result of losses. The second sentence in part (a) of new rule 106.8, together with the second sentence in part (a) of new rule 106.9, replaces part (b) of existing rule 111.10.

New Financial Rule	*Existing Financial Rule*	*Explanation*
Rule 106.9 (a) The USG/M may, after full investigation, authorize the write-off of losses of United Nations property, and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall likewise be provided to the Board of Auditors not later than three months following the end of the financial period. (b) The investigation shall, in each case, fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the USG/M.	**Rule 110.15** (a) The Controller may, after full investigation in each case, authorize the writing off of losses of United Nations property or such other adjustment of the records as will bring the balance shown by the records into conformity with the actual quantities. (b) Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Controller.	Revised to reflect the authority of the USG/M to authorize all required write-offs and make the final determination as regards all surcharges to be made against staff members or others as the result of losses. As per new rule 106.8, new rule 106.9 provides more details as regards possible investigations. The second sentence in part (a) of new rule 106.9, together with the second sentence in part (a) of new rule 106.8, replaces part (b) of existing rule 111.10.
Rule 106.10 (a) For all accounts of the United Nations, except for peacekeeping operations with special accounts, interim financial statements covering the first year of the biennial financial period, as at 31 December, shall be submitted to the Board of Auditors not later than 31 March of the following year. For these same accounts, final financial statements covering both years of the financial period, likewise as at 31 December, shall be submitted to the Board of Auditors not later than 31 March following the end of the financial period. Copies of financial statements shall also be transmitted to the Advisory Committee. Additional financial statements may be prepared as and when the USG/M deems necessary. (b) In the case of peacekeeping operations with special accounts, financial statements for the annual financial period ending 30 June shall be submitted to the Board of Auditors not later than 30 September of the same year. (c) Financial statements submitted to the Board of Auditors for all accounts shall include: (i) A statement of income, expenditures and changes in reserves and fund balances; (ii) A statement of assets, liabilities, reserves and fund balances; (iii) A statement of cash flows;	**Rule 111.4** (a) The financial statements for the first calendar year of the financial period shall be prepared by the Controller as at 31 December of that year and shall be submitted to the Board of Auditors not later than 31 March following the end of that calendar year. The final financial statements for the financial period shall be prepared by the Controller and shall be submitted to the Board of Auditors not later than 31 March following the end of that financial period and shall include: (i) Statement of budget appropriations, allotments issued, unallotted appropriations, obligations incurred and unobligated balances of allotments and appropriations; (ii) Summary statement of appropriations, income, obligations incurred and surplus account; (iii) Statement of assets, liabilities and fund balance of the General Fund; (iv) Statement of the Working Capital Fund; (v) Statement of assets, liabilities and fund balance of trust funds and special accounts; (vi) Statement of ex gratia payments; (vii) Such other statements as may be required;	Revised to cover financial statements for all United Nations accounts and to reflect the authority of the USG/M. New rule 106.10 consists of existing rule 111.2, in edited and simplified form, minus the repetition of provisions of new regulations 5.11 and 6.1. New rule 106.10 reflects up-to-date requirements governing the preparation and presentation of financial statements requirements of the Board of Auditors, Advisory Committee and General Assembly.

New Financial Rule	Existing Financial Rule*	Explanation
(iv) Such other schedules as may be required; (v) Notes to the financial statements.	(viii) Supporting schedules, which shall include: a. Summary of the accounts; b. Status of Members' contributions and advances; c. Summary of investments; d. Summary of miscellaneous income; and e. Such other schedules as may be required. (b) Financial statements shall also be prepared at such other intervals as may be prescribed by the Controller; (c) Copies of all such financial statements shall be transmitted to the Advisory Committee.	
	Rule 111.10 There shall be provided to the Board of Auditors: (a) A summary statement of supplies, equipment and other property for which property records are kept; (b) Details of losses of cash, stores and other assets written off; (c) Such other statements as the Board may require.	Deleted as unnecessary: part (a) has been replaced by part (b) of new rule 105.20; part (b) has been replaced by parts (a) of new rules 106.8 and 106.9; part (c) is covered by the "Additional terms of reference governing the audit of the United Nations" annexed to the Financial Regulations and Rules.
Rule 106.11 Accounting records, other financial and property records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which, on the authority of the USG/M, they may be destroyed.	**Rule 111.11** The accounting and other financial and property records and all supporting documents shall be retained for such period(s) as may be agreed with the Board of Auditors, after which, on the authority of the Controller, such records and documents may be destroyed.	Edited and revised to reflect the authority of the USG/M.

* ST/SGB/Financial Rules/1/Rev.3 (1985), as amended.